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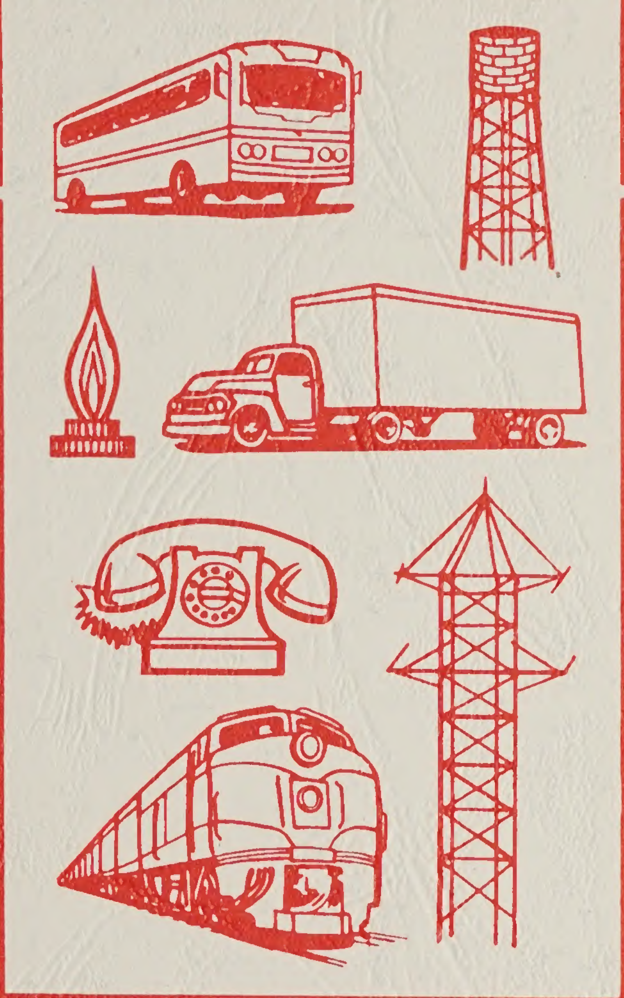

North Carolina Utilities Commission

1987 Report — VOL. XVIII

Major Activities — April 1986 through March 1987
with
Statistical and Analytical Data Through 1985

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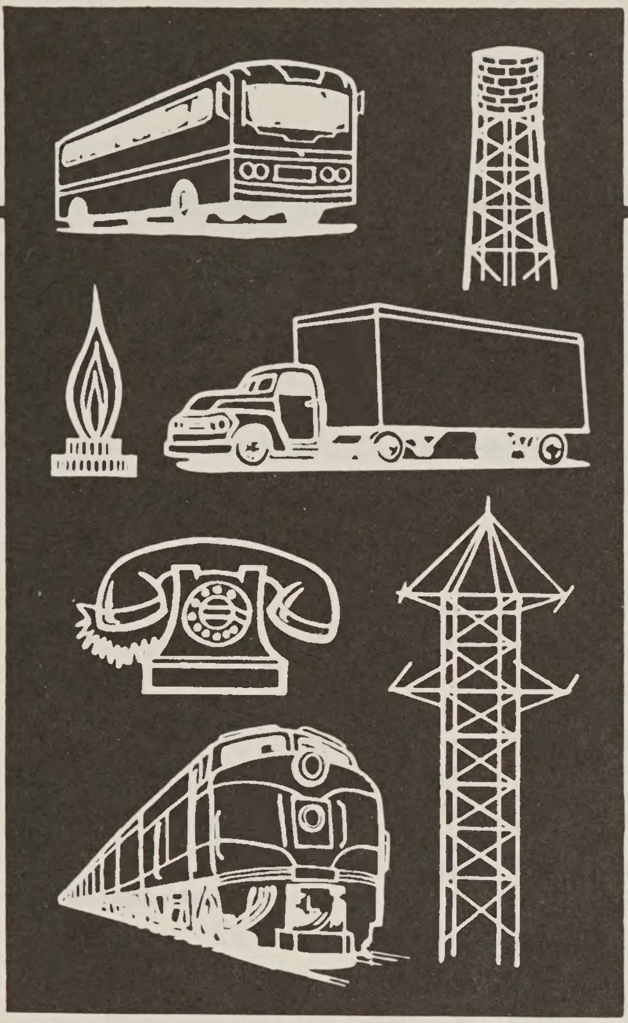

North Carolina Utilities Commission

1987 Report — VOL. XVIII

Major Activities — April 1986 through March 1987

with

Statistical and Analytical Data Through 1985

LETTER OF TRANSMITTAL

June 30, 1987

The Honorable James G. Martin
The Governor of North Carolina
Raleigh

Dear Governor Martin:

We hereby present for your consideration the 1987 Report of the North Carolina Utilities Commission pursuant to Section 17 of the Public Utilities Act of 1963 as amended in 1977 (G.S. 62-17). The report covers the major activities of the Commission for the period April 1986 through March 1987 with statistical and analytical data for the operations of the utilities through 1985.

Respectfully submitted,
Robert O. Wells, Chairman
Dr. Robert K. Koger, Commissioner
Sarah Lindsay Tate, Commissioner
Edward B. Hipp, Commissioner
Ruth E. Cook, Commissioner
Julius A. Wright, Commissioner
William W. Redman, Jr., Commissioner

Prepared by

North Carolina Utilities Commission
Finance, Statistics, Budget & Planning Division
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TABLE OF CONTENTS

Chapter — Page

Letter of Transmittal ii

I. **Organization and History** 1

A. Commission Staff and Organization Chart 3
B. Biographical Sketch of Each Commissioner 4
C. Biographical Sketch of Executive Director 5
D. Public Staff and Organization Chart 6
E. Historical Sketch of Development 7

II. **Selected Commission Activities--April 1986 through March 1987** 19

A. General 21
B. Electric 21
C. Railroad Station Closings & Changes 23
D. Consumer Pocketbook Issues 23

III. **Summary of the Commission Activities and Operations--1985 and Prior Years** 31

A. Overview of Size, Operating Results and Number of Companies Regulated 33
B. Commission Case Load: Formal and Informal Hearings 33
C. General Impact of the Regulated Utilities on the Economy of North Carolina in 1985 34

IV. **The Electric Power Industry** 43

A. General Comments 50
B. Customer Growth--Comments 51
C. Annual Customer Usage 51
D. Rate Increases Approved 51
E. Comparisons of Average Residential Monthly Bills 51
F. Generating Capability--Nuclear Power Impact and Cogeneration 52
G. Source and Disposition of the Electric Operating Revenue Dollar 54
H. Energy Sales 54
I. Statistical Summary Data 54

V. **The Natural Gas Industry** 69

A. A Brief History of The Natural Gas Industry 73
B. Plant Investment and Expansion 74
C. Growth Trends--Customers, Revenues & Volume 74
D. Comparisons of Residential Bills, Usage, and Cost Per MCF or Dekatherm 74
E. Gas Trackings--Pass Ons--Special Situations, and General Rate Cases 75
F. Natural Gas Pipeline Safety 76
G. Source and Disposition of the Gas Revenue Dollar 77
H. Statistical Summary Data 77

TABLE OF CONTENTS--Continued

Chapter Page

VI. The Telephone Industry 97

A. Brief Review of the Telephone Industry-General 99
B. Customer Growth and Impact on Plant Investment 99
C. Demands for Service 100
D. Extended Area Service (EAS) 100
E. Telephone Rates--Comments 100
F. Rate Increases Approved 101
G. Western Union Offices 101
H. Radio Common Carriers 102
I. Source and Disposition of Revenues--Comments 103
J. Plant Investment--Comments 103
K. Statistical Summary Data 103

VII. Water and Sewer Companies 121

A. General Comments 125
B. Commission Activities 125
C. Regulated Vs. Nonregulated Monthly Charges 126
D. Statistical Summary Data 126

VIII. Securities, Audits, and Annual Reports 141

A. Securities Approvals, and Offerings--Comments 142
B. Audits and Examinations--Comments 142
C. Annual Reports--Comments 142

IX. The Transportation Industry--Motor Freight Carriers 149

A. Classification of Motor Freight Carriers 151
B. Duties of the Transportation Division-Intrastate 151
C. Commission Activities 151
D. Impact of Motor Carrier Reform Act of 1980 152
E. Summary of Operating Data 152

X. The Transportation Industry--Motor Passenger Carriers 175

A. General Comments 177
B. Intercity Motor Passenger Carriers 178
C. Fare Increases Authorized--Intercity 178
D. Statistical Summary Data--Intercity 178
E. Intracity Motor Passenger Carriers--Comments 178
F. Statistical Summary Data--Intracity 179

XI. The Transportation Industry--Railroads 189

A. Railroad Companies Operating in North Carolina 192
B. Passenger Service Through North Carolina 192

TABLE OF CONTENTS--CONTINUED

Page

C. Rail Safety Activity by Commission 193
D. Mobile Agency Concept & Station Closings in North Carolina 193
E. Rail Crossings 194
F. Statistical Summary Data 194

LIST OF TABLES, CHARTS, AND GRAPHS

Figure No.	Title	Page
1-1	North Carolina Utilities Commission--Organization Chart--Commission Staff	3
1-2	North Carolina Utilities Commission--Organization Chart--Public Staff	6
1-3	Summary of the Receipts and Expenditures--Fiscal Years 1985-1986	17
2-1	Total Volume of Proceedings Brought Before the Commission During the Calendar Year Ending December 31, 1986	26
2-2	Electric, Gas, and Telephone General Rate Case Data Amounts Requested and Granted For Calendar Years 1970-1986	27
3-1	Highlights of Activities--Electric, Gas, and Telephone Utilities	35
3-2	Utilities Regulated and Reporting to the North Carolina Utilities Commission	36
3-3	Impact of Regulated Utilities on the Economy of North Carolina	37
3-4	Impact of Regulated Utilities on the Economy of North Carolina--Selected Statistics About Employment, Wages, and Certain Taxes for the Years 1964, 1969, 1974, 1979, 1984, and 1985	38
3-5	Gross Operating Revenues of the Major Utilities in North Carolina	41
3-6	Gross Plant Allocated to Serve North Carolina Customers--Electric, Gas, and Telephone	42
4-1	Map of Private Power Company Service Areas--North Carolina	44
4-2	Map of North Carolina Electric Membership Corporations	45
4-3	Power Companies and Municipal Electric Systems	46
4-4	Electric Membership Corporations and Source of Power	48
4-5	Electric Companies' Customer Growth	55
4-6	Average Annual Residential Customers' kWh Usage	56
4-7	Residential Electric Service--Class A Companies	57
4-8	General Rate Increases Approved	58
4-9	Comparative Typical Residential Electric Bills	59
4-10	Electric Companies--Class A Generation and Capability Data	60
4-11	Source and Disposition of the Revenue Dollar--Pie Chart Form--Electric Companies 1985	61
4-12	Source and Disposition of the Revenue Dollar--Electric Companies 1985	62
4-13	Fuel Costs--Class A Electric Companies 1985	63
4-14	Electric Companies--Class A, Energy Sales by Classes	64
4-15	Electric Companies--Class A, Income Statement, Balance Sheet and Other Statistical Items	65
5-1	Map of Natural Gas Service Areas in North Carolina	70
5-2	North Carolina Gas Companies	72
5-3	North Carolina Municipal Gas Systems	72

LIST OF TABLES, CHARTS, AND GRAPHS--CONTINUED

Figure No.	Title	Page
5-4	Natural Gas Companies--Class A--Gross Plant Investment	78
5-5	Customers By Classification--Gas Companies	79
5-6	Customer Growth By Classes--Gas Companies	80
5-7	Gas Company Energy Sales By Classes to Ultimate Consumers	81
5-8	Summary of Natural Gas Sales by MCFs and Dekatherms, Revenues, and Customers by Classification	82
5-9	Regulated and Municipal Gas Systems--Number of Customers, Total Revenues From Sale of Gas, and Total MCFs and Dekatherms Sold	84
5-10	Residential Natural Gas Customers' Average Annual Usage and Cost Data (MCF and Dekatherm)	87
5-11	Gas Tracking Changes Approved--1985	88
5-12	1985 Refunds and Cumulative Dollars Paid to Fund Exploration and Development Programs	88
5-13	General Rate Increases Approved--Gas Companies	89
5-14	Source and Disposition of the Gas Operating Revenue Dollar	90
5-15	Source and Disposition of the Revenue Dollar--Gas Companies Pie Chart Form--1985	91
5-16	Class A Gas Companies--Income Statement, Balance Sheet, and Customer Statistics	92
6-1	Telephone Companies Operating in North Carolina--1960, 1965, 1970, 1975, 1980, and 1981: Number of Total Telephones in Service, Exchanges, and Density Data	104
6-2	Telephone Companies Operating in North Carolina--1984 and 1985; Number of Total Access Lines in Service, Exchanges, and Density Data	105
6-3	Access Lines in Service as of December 31, 1984, and 1985	106
6-4	Telephone Rates--Monthly Flat Rates by Calling Scope Groupings for One-Party Business and Residential Service	107
6-5	Comparison of an Average North Carolina Telephone Bill and the Consumer Price Index	108
6-6	North Carolina Intrastate Telephone Toll Rates in Effect January 1, 1987	109
6-7	Charges for Various Telephone Installation Services	110
6-8	General Rate Increases Approved--Telephone Companies	111
6-9	Source and Disposition of the Revenue Dollar--Pie Chart Form--Telephone Companies--1985	112
6-10	Telephone Companies' Plant Investment Per Access Line	113
6-11	Gross and Net Telephone Plant Allocated to North Carolina Operations for the Years 1960, 1965, 1970, 1975, 1980, and 1981	114
6-12	Gross and Net Telephone Plant Allocated to North Carolina Operations for the Years 1984 and 1985	115
6-13	Telephone Companies--Class A,B,C, and D Income Statement, Balance Sheet, and Selected Statistical Items	116
7-1	Map of Regulated Water and Sewer Utilities in North Carolina--Areas and Customers	122
7-2	Regulated Water and Sewer Utilities--Distribution of Systems and Customers	124

LIST OF TABLES, CHARTS, AND GRAPHS--CONTINUED

Figure No.	Title	Page
7-3	Water and Sewer Companies Regulated--Revenues, Customers, and Number of Systems	127
7-4	Noncurrent Data of Water and Sewer Companies Regulated	133
7-5	Selected Financial and Statistical Data of Companies Comprising the Largest Water Utility Operations Regulated by the North Carolina Utilities Commission	137
7-6	Selected Financial and Statistical Data of Companies Comprising the Largest Water/Sewer Utility Operations Regulated by the North Carolina Utilities Commission	138
7-7	Customers, Revenues, and Plant Growth of All Regulated Water and Sewer Companies in North Carolina for the Years 1965, 1970, 1975, 1980, 1984, and 1985	139
7-8	Comparative Monthly Charges for Residential Water and Sewer Service in North Carolina at August 29, 1986	140
8-1	Securities Issues--New Capital For the Calendar Year 1985	143
8-2	Securities Issues--New Capital For the Calendar Year 1986	145
9-1	Motor Freight Carriers--Class I--Income, Expense, Operating Ratio, and Net Income Data	153
9-2	Motor Freight Carriers--Class II--Income, Expense, Operating Ratio, and Net Income Data	157
9-3	Motor Freight Carriers--Class III--Mobile Home Movers, Household Goods Movers, and General Commodities Carriers	161
9-4	Motor Freight Carriers--Classes I and II--Summary of Selected Income Items and Operational Statistics	174
10-1	Motor Passenger Carriers Franchised to Operate in North Carolina	180
10-2	Motor Passenger Carriers--Intercity--Classes I and II, Summary of Selected Income Items and Operational Statistics	183
10-3	Motor Passenger Carriers--Intercity--Class III--Summary of Total Revenues, Expenses, and Operating Ratios	185
10-4	Motor Passenger Carriers--Intracity--Classes II and III--Summary of Selected Income Items and Operational Statistics	186
11-1	Map of North Carolina Railroads	190
11-2	Railroads Franchised to Operate in North Carolina as of December 31, 1985	195
11-3	Retirement, Abandonments, and Relocation of Stations and Facilities	196
11-4	Railroad Classes I, II, and III--Operating Revenues, Expenses, and Ratios (North Carolina Data Only)	201
11-5	Tons of Revenue Freight By Commodity Type Originating Within the State of North Carolina	202
11-6	Railroads--Classes I and II--Summary of Selected Data--Income, Expenses, Balance Sheet, and Statistical Items	203
11-7	Railroads--Class III--Summary of Selected Data--Income, Expenses, Balance Sheet, and Statistical Items	204
11-8	Railroads--Grand Totals--Classes I, II, and III--Summary of Selected Data--Income, Expenses, Balance Sheet, and Statistical Items	205

I. Organization And History

A. COMMISSION STAFF AND ORGANIZATION CHART

There were seven Commissioners and 56 funded positions comprising the Commission Staff as of April 1, 1987. Commissioners are appointed by the Governor subject to confirmation by the General Assembly in joint session.

NORTH CAROLINA UTILITIES COMMISSION
COMMISSION STAFF
Commissioners & Supervisory Personnel
April 1, 1987

Commissioners
Robert O. Wells, Chairman

Dr. Robert K. Koger
Commissioner

Sarah Lindsay Tate
Commissioner

Edward B. Hipp
Commissioner

Ruth E. Cook
Commissioner

Julius A. Wright
Commissioner

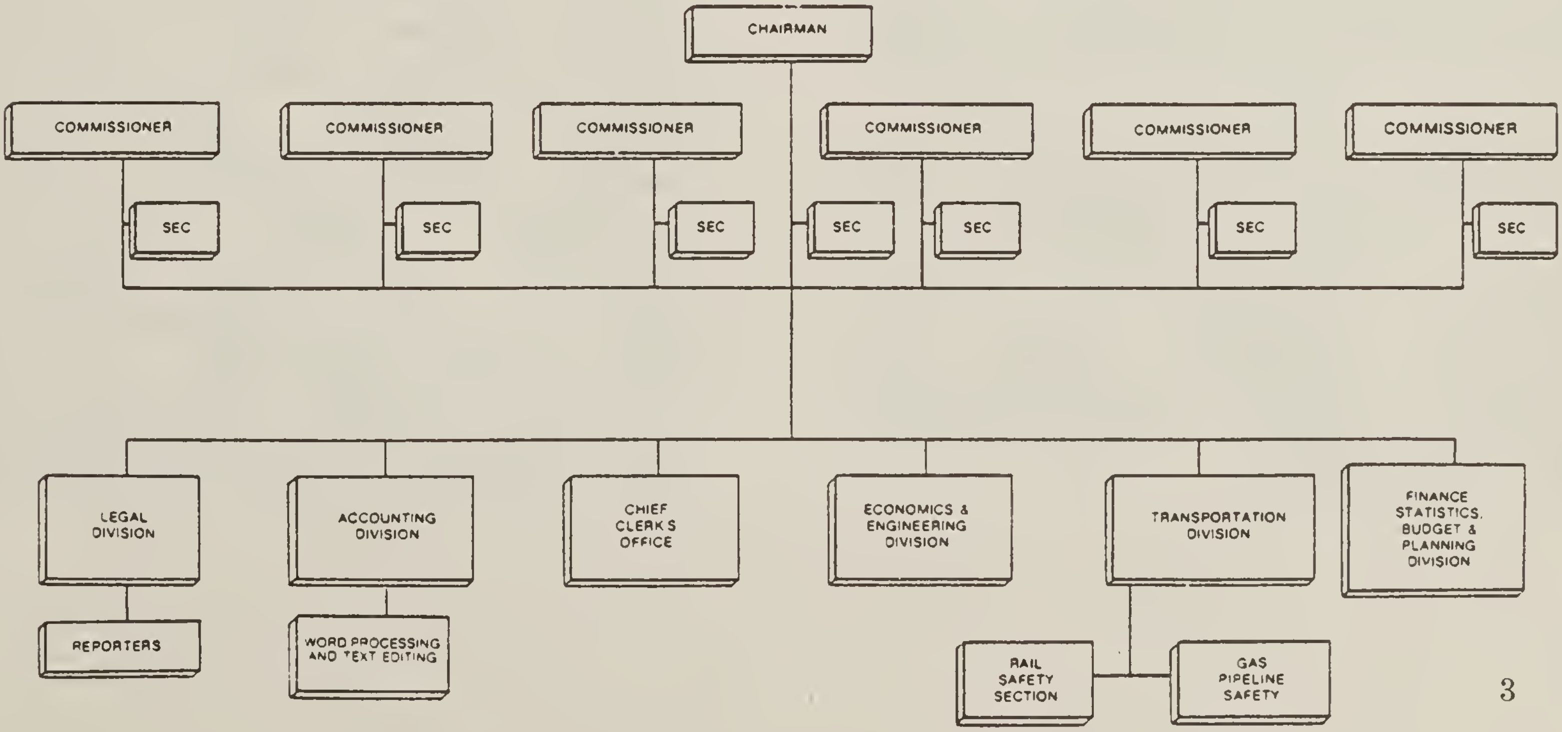
William W. Redman, Jr.
Commissioner

Staff Heads & Directors

Chief Clerk	Mrs. Sandra Webster
Legal Division	Robert H. Bennink, Jr.
Accounting Division	Donald R. Hoover
Engineering Division, Electric	David F. Creasy
Finance, Statistics, Budget & Planning	Joseph W. Smith
Transportation Division (Includes Motor, Rail, and Gas Pipeline Safety Activities)	Barbara A.Sharpe

FIGURE NO. 1-1

COMMISSION STAFF — ORGANIZATION CHART
April 1, 1987



B. BIOGRAPHICAL SKETCH OF EACH COMMISSIONER AS OF ARRIL 1, 1987

ROBERT O. WELLS, CHAIRMAN: Born June 16, 1938, in Jones County, North Carolina; University of North Carolina at Chapel Hill (BA in Education); Owner, Robert O. Wells Insurance Agency (1963-85); Member, High Point City Council (1973-77); Member, High Point Planning and Zoning Commission (1978-81); Member, High Point Economic Development Corporation (1981-85); Member, Economic and Community Development Committee, North Carolina League of Cities (1983-85); Member, Transportation and Commerce Committee, National League of Cities (1985); Mayor, City of High Point (1981-85); Assumed Commissionership July 1, 1985, Current term ends June 30, 1993; Married (Linda) Four children.

ROBERT K. KOGER, COMMISSIONER: Born September 10, 1936, in Byrdstown, Tennessee; University of Tennessee (BS in Electrical Engineering), North Carolina State University (Master of Economics), North Carolina State University (Ph.D. in Industrial Engineering); U.S. Rural Electrification Administration Engineer in North Carolina (1961-67); North Carolina Utilities Commission Utilities Engineer (1967-70); Director of North Carolina Utilities Commission Engineering Division (1970-77); Licensed Professional Engineer; Assumed Commissionership May 24, 1977; North Carolina Utilities Commission Chairman (1977-85); Current term ends June 30, 1989; Married (Jeane), Three children.

SARAH LINDSAY TATE, COMMISSIONER: Born March 14, 1927, in Charlotte, North Carolina; University of North Carolina (AB, LLB); Raleigh Community Relations Commission, Associate Counsel for insurance companies, Private law practice; Assumed Commissionership May 24, 1977; Current term ends June 30, 1993; One daughter.

EDWARD B. HIPP, COMMISSIONER: Born August 30, 1921, in Charlotte, North Carolina; Davidson College (BS), University of North Carolina (JD); World War II Infantry Rifle Platoon Leader (1942-46) (Awarded Silver Star and Purple Heart); North Carolina Attorney General's Office: Staff Tax Attorney (1950-51); North Carolina Revisor of Statutes (1952-53); Private law practice (1953-61); Special counsel for North Carolina General Statutes Commission Utilities Law Revision (1962-63); North Carolina Utilities Commission General Counsel (1963-77); Assumed Commissionership October 21, 1977, Current term ends June 30, 1989; Married (Dorothy), Three children.

RUTH E. COOK, COMMISSIONER: Born November 11, 1929, in Berlin, Germany; New York University; Member, North Carolina House of Representatives (1974-83); Chairman, Appropriations Base Budget Committee on Human Resources; Chairman, Consumer Protection Committee of the Southern Legislative Conference of the Council of State Governments (1982); The N.C. Housing Programs Study Commission, Chairman (1981-82); Governor's Task Force on Science and Technology (1982); Savings and Loan Study Commission (1980); Board of Directors of North Carolina Housing Finance Agency (1981); Chairman, North Carolina Council for the Hearing Impaired (1979); Executive Director, State Council for Social Legislation (1966-74); President, North Carolina Consumers Council (1977); Charter Board Member, Raleigh Inter-Church Housing Corporation (1966-69); President, Raleigh/Wake League of Women Voters (1963-65); Member, Wake County Democratic Women; Member, Women Executives in State Government; Assumed Commissionership July 1, 1983; Current term ends June 30, 1991; Husband (deceased), Two children.

JULIUS A. WRIGHT, COMMISSIONER: Born October 10, 1951, in Waycross, Georgia; Valdosta State College (BS Chemistry), Georgia State University (MBA Finance); Chemist, Occidental Petroleum Corporation (1975-76); Research Chemist, Chemical Products Corporation (1976-79); Senior Project Engineer, Corning Glass Works (1979-85); Owner, Video Investment Corporation (1982-85); North Carolina State Senator (Three terms) (1981-85); Assumed Commissionership June 10, 1985, Current term ends June 30, 1993; Married (Phyllis), Two daughters.

WILLIAM W. REDMAN, JR., COMMISSIONER: Born October 15, 1933, in Statesville, Iredell County, North Carolina; University of Southern California (1966); Embry-Riddle Aeronautical University (1972) (BS), Command and General Staff College (PHII) (1974); Realtors Institute, University of North Carolina-Chapel Hill (1978), GRI; Bank Marketing Institute, University of Maryland (1975); Real Estate Broker; Retired Military Officer; Member, North Carolina Senate (1979-80), (1981-82), (1983-84), (1985-87); Chairman, Task Force on Forced Medication (1986), Member, Mental Health Study Commission (1984-86), Member, Design, Construction and Inspection of Government Facilities (1981), Member, Legislative Ethics Study Commission (1983-84); Served, United State Army (1954-1974) (Lt. Col.); Master Aviator and Commercial Pilot; Distinguished Flying Crosses (2); Bronze Stars (3); Infantry Officer Candidate "Hall of Fame" (1982); Assumed Commissionership March 17, 1987, Current term ends June 30, 1987, Second term ends June 30, 1995; Married (Libby), three children.

C. BIOGRAPHICAL SKETCH OF EXECUTIVE DIRECTOR

Robert P. Gruber began his term as Executive Director on July 1, 1983. From February 1978 until this appointment he had served as General Counsel to the North Carolina Utilities Commission. From 1973 to 1978 he had been employed by the North Carolina Department of Justice where he had served as a Special Deputy Attorney General in charge of the Utilities Section. Prior to this he had been in private law practice in Raleigh, North Carolina. He earned his law and undergraduate degrees from the University of North Carolina.

D. PUBLIC STAFF AND ORGANIZATION CHART

As of April 1, 1987, there were an Executive Director and 78 funded positions comprising the Public Staff of the North Carolina Utilities Commission.

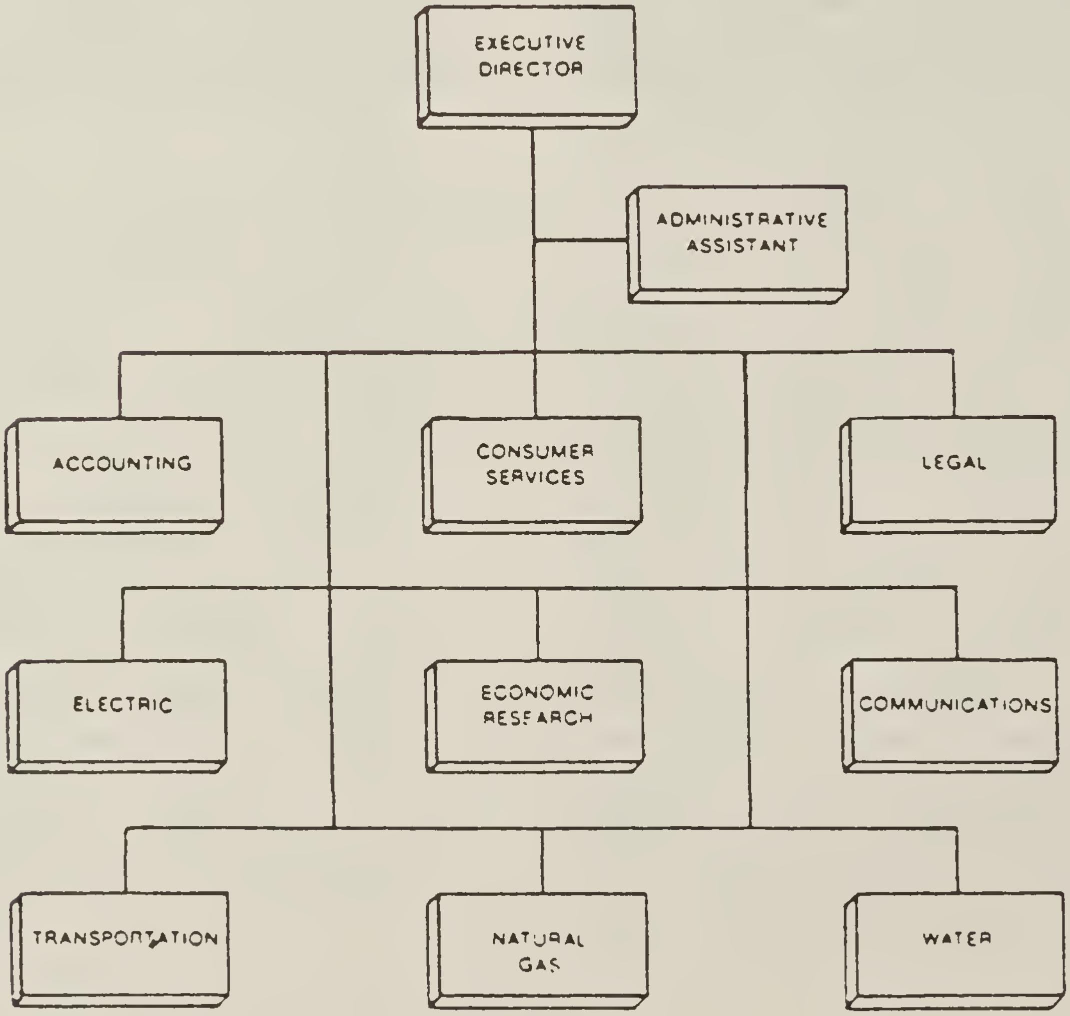
PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION
April 1, 1987

Executive Director
Robert P. Gruber

Administrative Assistant	Margaret K. Kimzey
Accounting Division	William E. Carter
Communications Division	Gene A. Clemmons
Consumer Services Division	J. Craig Stevens
Economic Research Division	George T. Sessoms, Jr.
Electric Division	Dennis J. Nightingale
Gas Division	Raymond J. Nery
Legal Division	Antoinette R. Wike
Transportation Rates Division	James C. Turner
Water Division	Jerry H. Tweed

FIGURE NO. 1-2

PUBLIC STAFF -- ORGANIZATION CHART
April 1, 1987



E. HISTORICAL SKETCH OF DEVELOPMENT

The present North Carolina Utilities Commission evolved from the Railroad Commission which was created in 1891 by the General Assembly and was given authority to determine charges made for services rendered by railroads, steamboat or canal companies, and express and telegraph companies.

The major changes occurring in North Carolina regulatory field since 1891 are in chronological order as follows:

1893--Telephone industry brought under regulation.

1897--Street railways brought under regulation.

1899--Railroad Commission abolished and the North Carolina Corporation Commission created. The North Carolina Corporation Commission was given general supervision of railroads, steamboat navigation and canal companies, express and telegraph and telephone companies, building and loan associations, banks, and sleeping car companies.

1900--The Corporation Commission's duties enlarged to encompass general supervision over tax listers and tax assessors.

1905--Supervision of building and loan association transferred to State Insurance Commissioner.

1913--Electric light, power, water, and gas companies, excluding municipally owned, came under regulation.

1925--Capital Issues Law administered by the Corporation Commission. Motor vehicle common carriers of persons and property over regular or specified routes brought under regulation.

1931--Transfer of banking department to the Commissioner of Banks.

1933--The Corporation Commissioner abolished. The office of Utilities Commissioner created with two associate commissioners.

1937--Administration of Capital Issues Law transferred to Secretary of State.

1941--The North Carolina Utilities Commission established, consisting of three full-time members with six-year terms.

1947--Motor Vehicle common and contract carriers of property over irregular routes brought under regulation and regulation implemented.

1949--Bus Act of 1925 replaced and jurisdiction over common and contract carriers of passengers, regular and irregular routes, expanded. Membership increased to five commissioners and a technical staff of engineers, accountants, and directors of transportation added.

1963--The utility laws of North Carolina updated and rewritten.

1965--Electric Membership Corporation brought under limited jurisdiction of the Utilities Commission relating to assignment of service and promotional payments.

1967--The following amendments to the General Statutes 62 known as the Public Utilities Act are of significance to the public and the regulatory agency:

a. Initiation of Cooperative Agreement in the enforcement of interstate motor carriers safety regulations with the Interstate Commerce Commission. (G.S. 62-266)

b. Authorization for the Utilities Commission to collect same fees for registration of interstate authority and interstate vehicles as is charged intrastate carriers. (G.S. 62-300).

c. Authority to regulate the standards of safety for interstate natural gas pipelines passing through North Carolina. (G.S. 62-41 and G.S. 62-43)

d. Change in appeal procedure of Utility Cases; they now go to the Court of Appeals rather than to the Superior Courts.

1969--The following amendments to the General Statutes 62 known as the Public Utilities Act are of interest to the general public and the regulatory agency:

a. Register ICC Exemptions. Authorization for the Commission to require all interstate carriers to file copies of their respective interstate authority or register their exempt operation. The registration for the ICC exempt carriers for the first time is the significant feature of this act. (G.S. 62-266)

b. Inspect Utility Affiliate Records. Authorization for the Commission to inspect the books and records of corporations affiliated with public utilities regulated by the Commission, including parent corporations and their affiliates. (G.S. 62-51)

c. Furnish False Information to the Utilities Commission; Failure to Furnish Information to Commission. Action by legislature declaring it a misdemeanor for utilities under the jurisdiction of the Commission to furnish false information or for failure to furnish information on report forms furnished by the Commission (G.S. 62-326).

d. Radio Common Carriers. Commission authority extended to grant Certificates of Public Convenience and Necessity to radio common carriers in areas where the landline telephone company has heretofore protested certificates of radio common carriers. (G.S. 62-120).

1971--The following amendments to the General Statutes 62, known as the Public Utilities Act, were approved by the General Assembly in the current year:

a. The Executive Organization Act of 1971 created the N.C. Department of Commerce, (143A-174). The North Carolina Utilities Commission was transferred to the Department of Commerce. (G.S. 62-10)

b. Safety Standards for Interstate and Intrastate Natural Gas Pipelines. Authorization by the General Court of Justices of North Carolina to issue court orders, restraining orders, injunctions and other processes of the court in actions by the Utilities Commission to enforce the provisions of gas pipeline safety, and authorizing the Commission to bring such action as may be necessary for compliance. (G.S. 62-50)

c. How Rates Fixed--Natural Gas Distribution Companies. Utilities Commission given permission to permit gas companies to increase their rates to customers to the extent that such increases are occasioned by increases in the wholesale rates paid by the utilities. This increase could be allowed without a general rate case hearing. (G.S. 62-133).

d. Change in definition of "Public Utility." Prior to 1971, those persons or companies selling water to less than 25 residential customers were, by statute, exempt from Utilities regulation. 1971 legislation modified the definition of a public utility to include anyone furnishing water to 10 or more residential customers. (G.S. 62-3).

1973--The following amendment to the General Statutes 62, known as the Public Utilities Act, were approved by the General Assembly in the current year:

a. Change in definition of "public utility." Town of Pineville, N.C., Included insofar as town supplies telephone service to the public for compensation. This includes town limits as of May 8, 1973, and shall also include area proposed to be annexed, until January 1, 1975. Utility Commission has no authority in respect to rates or charges for service until July 1, 1974. (G.S. 62-3 (23) f)

Related Statute-Electric Service in Urban Areas. Authority and Jurisdiction of Utilities Commission G.S. 160-A-334 rewritten as follows: If N.C. Utilities Commission finds that service being furnished to consumer by a secondary supplier to be inadequate or undependable, or that rates are unreasonably discriminatory, the Commission shall have the authority and jurisdiction after notice to each affected electrical supplier, and after hearing, if hearing is requested, to: Order a primary supplier that is subject to the jurisdiction of the Commission to furnish electric service to any consumer who desires service from the primary supplier at any premises served by a secondary supplier, and to order such secondary supplier to cease and desist from furnishing electric service.

1974--The following selected Legislative Bills of significance to the operations of the utilities, the utilities ratepayers, and the Commission itself were passed by the General Assembly in the 2nd Session (1974) of the 1973 Session and along with other utility bills not listed here are included in General Statutes 62, known as the Public Utilities Act:

a. How Rates Fixed-Small Water and Sewer Utilities. The Commission may now fix such rates on the ratio of the operating expenses to the operating revenues such ratio to be determined by the Commission, unless the utility requests that such rates be fixed under G.S. 62-133 (b). Previously only motor carrier rates were determined in relation to an operating ratio. (G.S. 62-133.1 (a)).

A water or sewer utility may enter into uniform contracts with nonusers of its utility service within a specific subdivision or development for the payment by such nonusers to the utility of a fee or charge for placing or maintaining lines or other facilities or, otherwise, making and keeping such utility's service available to such nonusers which in effect is an availability charge. (G.S. 62-133.1 (b)).

b. Future Test Period Authorized. Authority given to the Commission, in its discretion, to use a current as well as a past test period in establishing public utility rates. This change gave the Commission authority to use a 12-month future test period for setting rates which required the extensive use of estimated and forecasted operating data in addition to actual historical data. (G.S. 62-133 (c) (The General Assembly, during the 1975 Session, amended G.S. 62-133 (c) by rewriting the second sentence of Subsection (c) and in effect restoring the test period used in general rate cases to 12 months historical operating expenses prior to the date the proposed rates are to become effective.)

c. Less than the Full Commission May Hear Small Utility Rates Cases--In matters where total annual revenue requested or where total annual revenues increase requested is less than $50,000 even though all rates are affected, the Chairman of the Commission may refer the matter to a division of the Commission, to a Hearing Commissioner, or to a Hearing Examiner for hearing. Previously, the full Commission was required to hear all general rate cases. (G.S. 62-81) *Increased to $100,000 by 1977 legislative amendment. Increased to $300,000 by 1981 legislative amendment.

1975--Major legislation affecting the regulation of utilities:

a. Definition of the term "Panel." Panel as used herein means three Commissioners, a division of the Utilities Commission authorized for the purpose of carrying out certain functions of the Commission. (G.S. 62-3)

b. Increase in the number of Commissioners from five (5) to seven (7). All Commissioners henceforth are to be appointed by the Governor subject to confirmation by the General Assembly in joint session. (G.S. 62-10)

c. Initiation of Management Audits. Management Audits may be initiated by the Commission of any public utility company once every five years by a competent, qualified and independent firm with the cost of such audit to be borne by the particular public utility subject to the audit. [(G.S. 62-37 (b)]

d. Procedure before the Commission. The commission shall sit in panels of three unless the Chairman, by Order, shall set the proceeding for hearing by the Full Commission. (G.S. 62-60.1)

e. Long Range Forecast. The Commission is required to develop, publicize and keep current an analysis of the long-range needs for expansion of facilities for the generation of electricity in North Carolina, including its estimates of the probable future growth of the use of electricity, the probable needed generating reserve, the extent, size, mix and general location of generating plants and arrangements for pooling power to the extent not regulated by the Federal Power Commission. [G.S. 62-110.1 c,d,e,f)]

f. Rate Changes Due Solely to Changes in Cost of Fuel. Effective on and after September 1, 1975, application by any public utility for permission and authority to increase its rates and charges based solely upon the increased cost of fuel used in generation or production of electric power must be suspended for a period not to exceed ninety (90) days. A hearing on the merits of the application must be held within thirty (30) days of the date of the filing with an Order responsive to the application being issued not later than ninety (90) days from the filing A rate decrease due solely to a decrease in the cost of fuel, upon motion of the Commission or application of any person having an interest in said rate, shall be set for hearing. Any person directly interested in these proceedings shall have a full right of intervention. These types of proceedings shall not be considered a general rate case. To implement this new legislative act the Commission adopted a new Rule, R1-36 which prescribes the information and exhibits required to be filed with the application. [G.S.62-134 (e) and (f)]

1977--Major legislation affecting the regulation of utilities:

a. Creation of the Office of Executive Director and Public Staff to Represent the Using and Consuming Public. The Commission personnel was divided into a Commission Staff and a Public Staff. The Office of Executive Director was established to direct the Public Staff. The Executive Director shall be appointed by the Governor subject to confirmation by the General Assembly in joint session. The term of the Executive Director shall be six years and the salary the same as that fixed for Commissioners. The Executive Director may be removed from office by the Governor in the event of his incapacity to serve; and the Executive Director may be removed from office by the Governor upon the affirmative recommendation of a majority of the Commission, concurred in by a majority of the Utility Review Committee of the General Assembly. The Public Staff shall not be subject to the supervision, direction, or control of the Commission, the Chairman, or members of the Commission. The Public Staff has the duty and responsibility to review, investigate, intervene, and make recommendations to the Commission relating to practically all matters affecting the using and consuming public and especially in the following areas: rates charges for services, level and quality of service rendered, issuance or cancellation of certificates for service and service areas, complaints of consumers, transfers, mergers of consolidation of utilities providing services to the public, contracts of public utilities with and between affiliates or subsidiaries, and the issuance of securities or other financial matters affecting the utilities. The Public Staff has no duty, responsibility or authority with respect to the enforcement of natural gas pipeline safety laws, rules or regulations or to the laws, rules or regulations of common, contract, and exempt carriers relating to their equipment, the registration of their vehicles, insurance coverage, licensing or training of drivers or the operation of motor vehicle equipment. [For complete detail of duties of Public Staff, see G.S. 62-15 (a) thru (i).]

b. Gifts to Members of Commission, Commission employees, or Public Staff unlawful.--Utilities may not offer nor may any member of the Commission, Commission Staff, or Public Staff accept any gift of money, property, or anything of value from the utilities. One violating this rule is guilty of a misdemeanor and may be fined and subject to dismissal for cause. A member of the Commission, Commission Staff or Public Staff may attend public breakfasts, lunches, dinners, or banquets sponsored by the regulated utilities. (G.S. 62-327)

c. Public Staff Provision Renewable After Four years.--Unless the General Assembly shall otherwise direct, effective August 31, 1981, the Office of Executive Director and the Public Staff of the Commission shall terminate and the positions assigned to the Public Staff shall be assigned to the Commission. (Session Laws 1977, c 468, s.23)

d. Lifeline Rate Study--Resolution No. 63 urging the Utilities Commission to investigate and study Lifeline Rates for Consumers of electricity and natural gas was ratified by the General Assembly on June 14, 1977. Because of rapidly rising rates for electric and natural gas service and the great hardship the rates were causing many elderly and low income persons in the State, the Commission was urged to study and consider whether it is just and reasonable to establish a category of lifeline rates for essential levels of use by residential customers to provide lighting, cooking and refrigeration in their primary place of residency.

e. Use of Original Cost plus Construction Work in Progress (CWIP) of public utilities property for rate-making purposes to be effective with respect to rate applications filed on and after July 1, 1979. Effective with rate applications filed on and after July 1, 1979, the Commission must use as the rate base for fixing rates of electric, gas, telephone, and water and/or sewer utilities (unless the operating ratio is used for water and sewer companies) the reasonable original cost, less depreciation plus the reasonable original cost of construction work in progress (CWIP) of the public utility's property. This method replaces the currently used Fair Value formula (which excludes the value of CWIP) in determining the rate base for the fixing of rates. In conjunction with the enactment of the above amendment to G.S. 62-133 entitled "How rates fixed" the General Assembly also amended G.S. 62-2 entitled "Declaration of Policy" by adding a new subsection (5) which reads as follows:

"(5) Require each public utility to discontinue capitalization of the composite carrying cost of capital funds used to finance construction (allowance for funds) on the construction work in progress included in its rate base upon the effective date of the first and each subsequent general rate order issued with respect to it after the effective date of this subsection; allowance for funds may be capitalized with respect to expenditures for construction work in progress not included in the utility's property upon which the rates were fixed. In determining net operating income for return, the Commission shall not include any capitalized allowance for funds used during construction work in progress included in the utility's rate base." (See Session Laws 1977, c 691, ss. 2 & 3 for details of amendments to G.S. 62-133).

f. Constitutional Amendment (Article V) to allow municipalities to Issue Revenue Bonds to Finance the Cost of Electric Generation and Transmission Facilities. This related legislation authorizing municipalities owning or operating electric systems and joint agencies composed of such municipalities to jointly or severally own, operate, and maintain an electric system and to use revenue bonds to finance the cost thereof, subject to the approval of the electorate directly affects the regulated electric companies of North Carolina. Duke Power Co. has already agreed to sell a portion of its nuclear generating capacity to nineteen (19) North Carolina towns and cities which are members of the North Carolina Municipal Power Agency No. 1. (See Session Laws 1977, c 528, sections 1 thru 6 for details of Constitutional Amendment.)

g. Uniform and Joint Rates Among Carriers of the Same Class Authorized. Historically, tariff bureaus have been formed by common carriers for the purpose of establishing and publishing joint rates in order to achieve a stable rate structure. The enactment of Chapter 219 empowered the Commission to regulate and permit tariff bureaus to publish joint rates. (G.S. 62-152.1 and Commission Rule R4-12 set forth the Commission's requirement of a rate bureau in order for it to publish joint rates with this Commission.)

1979 &
1980 —Major Legislation Affecting the Regulation of Utilities

a. Office of Executive Director and the Public Staff Made Permanent on April 10, 1979. These positions otherwise would have been terminated on August 31, 1981. (Session Laws 1979, c 332, 3.1)

b. Gas Pipeline Safety Standards Authority Expanded. The Utilities Commission authority is expanded over natural gas pipeline safety standards to cover public housing authorities and apartment complexes or mobile home parks that distribute or submeter gas to their tenants. It also restates the Commission's existing authority over pipeline safety standards of interstate and intrastate gas utilities and pipeline carriers under franchise, as well as municipally owned distributors, without apparently changing the substance of this authority. (Session Laws 1979 c 269, G.S. 62-50)

c. Ex-parte Communications. The act was amended which forbids any nonwritten communication by a public utility or public staff member to a Commission member or hearing examiner relating to the level of rates to be charged by deleting the words "with regard to matters affecting the rates charged or proposed to be charged" and inserting in lieu thereof the words "regarding the level of rates specifically proposed to be charged." Article IV, G.S. 62-70 (g) (Session Laws 1979, c 332, S.2.)

d. Encouragement of Co-generation of Electricity. Co-generation of electricity was encouraged by exempting from regulation persons who are constructing or operating an electric generating unit primarily for their own use and not for the primary purpose of producing electricity, heat, or steam for sale to or for the public for compensation. However, such persons must report to the Utilities Commission the proposed construction of such a facility before construction begins. [G.S. 62-110.1 (g)]

e. Power Sales by Small Power Producers. In the event that a small power producer and an electric utility are unable to mutually agree to a contract for the sale of electricity or to a price for the electricity purchased by the electric utility the Commission shall require the utility to purchase the power, under rates and terms established under G.S. 62-156. (See Session

Laws 1979, 2nd Session, 1980, c 1219, S.2.)

f. Security Provisions Relating to Access to Nuclear Power Facilities and/or Control over Nuclear Material. The Chief Personnel Officer or his designee of any public utility franchised to do business in North Carolina shall be permitted to obtain from the State Bureau of Investigation a confidential copy of criminal history record information for screening an applicant for employment with or an employee of a utility or utility contractor where the employment or job to be performed falls within a class or category of positions certified by the North Carolina Utilities Commission as permitting or requiring access to nuclear power facilities or access to or control over nuclear material. (G.S. 62-333) (See Session Laws 1979, c 796.)

g. Motor Carriers Providing "Charter Party" Services for Senior Citizens Exempt from Regulation. Motor passenger carriers engaged in "Charter Party" service for senior citizens (60) years or older are exempt from Commission regulation except for subsections (f) and (g) of Article 12 G.S. 62-260. These sections deal with security, safety and registration regulations of motor passenger carriers and their vehicles. [G.S. 62-260 a(18)] (See Session Laws 1979, c 204).

1981--Major Legislation Affecting the Regulation of Utilities

a. Rate-setting Hearings Nonmandatory When There is No Significant Public Protest and All Parties Are in Agreement. When there is no significant public protest received within 30 days of the publication of notice of a proposed rate change for a water or sewer utility, the Commission may decide the preceeding based on the record without a trial or hearing, provided said utility and all other parties of record have waived their right to any such hearing. [G.S. 62-81 (f) (HB 530)]

b. Commission Authorized to Decide the Level of Interest to Add to Customer Refunds. The Commission under the amended law can decide the level of interest rate public utilities must pay on refunds of moneys to its customers which were advanced by or overcollected from its customers. Under the amended law the rate cannot exceed ten percent (10%) per annum, previously the only rate was six percent (6%) per annum. (G.S. 62-130(e) and G.S. 62-135 (c) (HB 531)

c. The Utility Company Shall Be the Source of Funds for the Public Staff to Employ Outside Assistance in Commission Proceedings. The Executive Director of the Public Staff is authorized to employ, subject to the approval of the State Budget Officer, expert witnesses and such other professional expertise as deemed necessary to assist the Public Staff in its participation in Commission proceedings, and the compensation and expenses therefor shall be paid by the utility or utilities participating in said proceedings. Before this enactment, the funds for this type service came from the regular appropriated Public Staff budget or from the State Contingency and Emergency Fund. [G.S. 15 (h) (HB 529)]

d. Employment of Temporary Court Reporters With Costs to Be Borne by Individual Utility or Utilities. The Commission is authorized to contract with or employ on a temporary basis, when deemed necessary by the Chairman of the Commission, court reporters in addition to those employed on a full-time basis by the Commission for the purpose of recording and transcribing testimony given at hearings before the Commission involving any Class A & B utility. The costs for these court reporters are to be charged directly to the involved utility or utilities. [G.S. 62-7 (d) (SB 639)]

1982-Major Legislation Affecting the Regulation of Utilities (1982-Short Session)

a. Changes in Method and Times Per Year the Fuel Clause Adjustment May be Considered and the Treatment of Construction Work in Progress (CWIP) for Rate-Making Purposes. Chapter 62 of the General Statutes is amended by adding a new section, G.S. 62-133.2 (HB 1594). This new section provides that the Commission shall conduct only one hearing for each electric utility within 12 months of the last general rate case for the purpose of determining whether an increment or decrement rider is required to reflect actual changes in the cost of fuel and the fuel cost component of purchased power over or under base rates established in the last preceeding general rate case. The amended law also provides that the Commission shall allow only that portion, if any, of a requested fuel adjustment that is based on adjusted and reasonable fuel expenses prudently incurred under efficient management and economic operations. Before enactment of this amendment, there were fuel costs adjustment proceedings three times a year; and the Commission had been barred by court decisions from reducing fuel charges because of inefficient management of poor plant performance. The old fuel adjustment procedure in G.S. 62-134(e) is repealed. CWIP changes for rate-making purposes were implemented by the legislature by changing words in the second sentence of G.S. 62-133(b)(1) from "shall be included" to "may be included, to the extent the Commission considers such inclusion in the public interest and necessary to the financial stability of the utility in question." Prior to this change (since July 1, 1979) in the wording of G.S. 62-133(b)(1), the Commission had been required to include in the rate base for rate-making purposes the reasonable original cost of CWIP which had the effect of allowing the utilities to recover through rates the costs of obtaining money to build new facilities. The new law gives the Commission discretionary authority on whether to include CWIP costs in rates. The new law was effective June 17, 1982, the date of ratification.

1983--Major Legislation Affecting the Regulation of Utilities

a. Amendments to Appeal Procedures

Chapter 526, House Bill 493 is an act to implement the Constitutional amendment regarding appeal of Utility Commission orders. G.S. 7A-29 is amended to show appeals in a general rate case from decisions of the Utilities Commission, now go directly to the Supreme Court. In the past, according to G.S. 7A-29, the appeal shall lie to the Court of Appeals.

Chapter 572, House Bill 513 is an act to clarify the filing of a notice of appeal in all appeals taken from decisions of the Utilities Commission. G.S. 62-90(a) is rewritten to include that any party to a proceeding before the Commission may appeal any final decision of the Commission within 30 days, if they file with the Commission a notice of appeal and set forth the grounds which they believe to be unjust or unreasonable. All other parties may give notice of cross appeal, if they explain the grounds which they believe to be unjust or unreasonable, within 20 days after the first notice of appeal.

b. Compensation for Outside Counsel: Certain Natural Gas Litigation

Sec. 132. Compensation for outside legal fees in excess of twenty-five thousand dollars ($25,000) per year incurred by the North Carolina Utilities Commission on behalf of the using and consuming public in conjunction with natural gas litigation brought before federal courts and agencies shall be paid from refunds received from the Transcontinental Gas Pipeline Company rather than from the Contingency and Emergency Fund, provided that the agreement must be approved by the State Budget Office.

c. Transfer of Motor Carrier Safety Regulation to DMV

Sec. 137. The safety regulation of all motor carrier transportation services is transferred from the

Utilities Commission, Department of Commerce, to the Division of Motor Vehicles, Department of Transportation. This transfer shall be a "type I transfer" as identified in G.S. 143A-6. The regulation of rates and market entry for motor carrier transportation services shall remain vested in the Utilities Commission. The agencies of State government affected by this transfer shall report to the 1984 Session of the General Assembly about any changes in the General Statutes required by this transfer.

1984--Major Legislation Affecting the Regulation of Utilities

a. Utility Federal Tax Refund

Chapter 1097, House Bill 1513, is an act to change the state tax structure for commodities and services provided by certain utilities. This act will enable individuals to deduct the taxes on these commodities and services from their Federal income. This does not change rates, it simply converts about one-half the franchise tax to a sales tax so that the sales tax can be deducted from an individual's Federal income tax liability as an itemized deduction. It is the policy of this State that as many State taxes as possible be structured so that they are deductible for Federal income tax purposes under the Internal Revenue Code. This bill was ratified July 6, 1984, and was made effective on January 1, 1985.

b. Powers and Duties of the Utilities Commission In the Telecommunications Industry Broadened

Chapter 1043, House Bill 1365, is an act that broadened the authority of the North Carolina Utilities Commission to allow competitive offerings of long-distance services by public utilities defined in G.S. 62-3(23)a.6. and certified in accordance with the provision of G.S. 62-110. This additional authority was granted "because of technological changes in the equipment and facilities now available and needed to provide telephone and telecommunications services, changes in regulatory policies by the federal government, and changes resulting from the court-ordered divestiture of the American Telephone and Telegraph Company, competitive offerings of certain types of telephone and telecommunications services may be in the public interest."

G.S. 62-110 as amended by this act authorized the Commission to issue certificates to provide competitive long-distance telecommunication services, however, the Commission shall consider the impact on the local exchange customers and only permit such additional service if the Commission finds that it will not jeopardize reasonably affordable local exchange service. This bill was ratified and became effective on June 29, 1984.

1985--Major Legislation Affecting the Regulation of Utilities

a. Bus Regulatory Reform Act of 1985

Chapter 676, House Bill 977, is an act to reform the laws regulating common carriers of passengers by motor vehicle. The General Assembly finds and declares that a safe, competitive and fuel efficient passenger bus industry contributes to a strong economy and is vital to the transportation needs of the elderly, handicapped and poor; Congress has already enacted the Bus Regulatory Reform Act of 1982, which reduces unnecessary and burdensome government regulation of motor carriers of passengers, and now this State will amend and modify its laws regulating motor carriers of passengers, to make them more compatible with the provisions of the Bus Regulatory Reform Act of 1982 and consistent with the public needs of the citizens of this State. Every bus company shall provide safe and adequate service, and unless the Commission orders otherwise, no bus company shall make any changes in its rates, fares, or charges, which have been established under this Chapter, except after 30 days' notice to the Commission. This bill was ratified and became effective July 10, 1985.

b. Clarify the Definition of Preference or Advantage in Utilities Regulation and Provide a Corporate Income Tax Credit

Chapter 695, House Bill 1010, is an act to clarify the definition of preference or advantage in utilities regulation and to provide a corporate income tax credit. This bill states that it shall not be considered an unreasonable preference or advantage for the Utilities Commission to order a reduction in local telephone rates for low-income residential consumers meeting a means test established by the Commission in order to match any reduction in the interstate subscriber line charge authorized by the Federal Communications Commission. Also this bill allows a corporation that provides telephone service to low-income residential customers at reduced rates in accordance with an order of this Commission a credit against the tax imposed by this Division. This credit is allowed only for a reduction in local telephone service rates and fees.

c. Permit telephone service of coin, coinless, or key operated pay telephones by entities other than the certificated telephone companies.

Chapter 680, House Bill 1209, is an act to allow the provision of telephone service by entities other than the certificated telephone companies. The North Carolina Utilities Commission will issue a special certificate to persons who offer coin, coinless, or key operated pay telephone service to the public. The certificated local exchange telephone company in the area of the new pay telephone service will be the only provider of the access line from the pay instrument to the network, and the rates approved by the Commission for this access line shall be fully compensatory. This bill was ratified and made effective on July 10, 1985.

1986--Major Legislation Affecting the Regulation of Utilities

Utilities Commission/State Reimbursement

Chapter 1014, House Bill 2055, Section 233, G.S. 62-48 (b) authorizes the Utilities Commission to establish procedures whereby the State may be reimbursed from past and future refunds received by the North Carolina natural gas distribution companies for travel expenses incurred by Staff members of the Commission and Public Staffs who are designated to provide assistance to the Commission's private legal counsel in natural gas matters before federal courts and agencies. This bill was ratified on July 15, 1986, and made effective as of July 1, 1986.

FIGURE NO. 1-3

NORTH CAROLINA UTILITIES COMMISSION
Receipts and Expenditures
Fiscal Year Ended June 30, 1986

Source	Commission Staff	Public Staff[1]	Total N.C. Utilities
General Fund Appropriation	$2,071,769	$3,051,818	$5,123,587
Other Receipts			
Alternative Energy Corporation	36,154		36,154
State Personnel - Internship	1,724		1,724
Fees Collected by Commission:			
Office of Chief Clerk	173,739	1,406	175,145
Misc. Revenues	1,933	1,157	3,090
Transfer - Prior Years	5,092	1,537	6,629
Federal Funds			
U.S. Gas Safety Program	68,381		68,381
Rail Safety	71,806		71,806
	$2,430,598	$3,055,918	$5,486,516
Expenditures			
Salaries and Wages	$1,785,145	$2,393,488	$4,178,633
Fringe Benefits	353,716	487,447	841,163
Legal and Consulting Fees	63,970		63,970
Materials and Supplies	9,062	7,779	16,841
Travel	89,586	56,746	146,332
Postage, Telephone, Printing	61,480	40,661	102,141
Photocopying	28,881	19,552	48,433
Repairs of Building and Equipment	966	1,214	2,180
Data Processing Service		19,659	19,659
Employee Educational Expenses	324	1,729	2,053
Other Services and Expenses	805	50	855
Rent - Building and Offices	720	120	840
Insurance and Bonding	78	85	163
Service and Maintenance Contracts	17,186	5,132	22,318
Dues and Subscriptions	7,372	6,406	13,778
Office Furniture, Equipment, Books	16,166	7,141	23,307
Data Processing Equipment	(5,092)	8,584	3,492
Other Expenses	233	125	358
	$2,430,598	$3,055,918	$5,486,516
Number of Funded Positions	56[2]	78	134

[1] The 1977 N.C. General Assembly amended General Statute 62 to provide for a Public Staff in the Utilities Commission to represent the using and consuming public. Effective July 1, 1977, the Commission was completely restructured into two staffs, creating a budget for each staff.

[2] As of September 1, 1983, twenty-five (25) positions were transferred to the Department of Transportation, Division of Motor Vehicles to continue to administer the registration and insurance functions relating to the regulated motor passenger and motor freight carriers of North Carolina.

II. Selected Commission Activities April 1986 through March 1987

A. GENERAL

1. Public Involvement

The Commission has continued its emphasis on improving its public image by making its activities open for participation by the public and other interested parties. The table below shows the number of formal hearings held in Raleigh and in the service areas of the utilities involved; many of these hearings were held at night.

	Year Ended December 31			
	1983	1984	1985	1986
Total Formal Hearings Held	227	240	279	239
Number of Hearings Held Away From Raleigh, in Utility Service Areas	71	64	43	49
Percent of Total Hearings Held Away From Raleigh	31%	27%	15%	21%

The primary reason for holding hearings in the service areas of the utilities involved in the hearings is to make it easier for the local consumers and general public to attend and to offer testimony if they so choose. Attendance at such hearings provides a broader knowledge of the scope and complexities of issues with which the Commission, the Public Staff, and all other participants must deal.

Advance public notice is given for all hearings of general interest and especially rate case hearings. Also news releases are made of important Commission decisions and activities. All Commission weekly conferences (Monday mornings generally) are open to the public as a spectator or participant.

For a summary of Commission proceedings docketed and heard in 1986 see Figure No. 2-1.

B. ELECTRIC

1. Load Forecast—N.C. Electricity Needs (1986-1995)

The General Statutes of North Carolina require that the Commission develop an analysis of the long-range needs for expansion of facilities for the generation of electricity in North Carolina (G.S. 62-110.1). On December 1, 1983, the Commission issued its order adopting updated forecasts and plans for meeting long-range needs for electric facilities in North Carolina--1982/1983 in Docket No. E-100, Sub 46. The Order contained the most recent findings and conclusions of the Commission regarding generating capacity expansion by electric utilities serving North Carolina.

On July 17, 1984, the Commission issued an Order scheduling further hearings in Docket No. E-100, Sub 50, for the purpose of considering further updates to the various load forecasts and capacity expansion plans. The hearings were scheduled for early spring 1985, but subsequently, several parties to the proceeding requested that the hearings be postponed until late summer or early fall 1985. The hearings were held in April 1986 because there had been no dramatic change in the rate of growth in demand for electricity since the adoption of the Commission's last forecast in Docket No. E-100, Sub 46. The rates of growth in kW peak demand for CP&L, Duke Power, and Vepco for the period 1986-1995, taking into account conservation, load management, and emerging alternative energy resources which appear most likely at this time, should fall in the following ranges:

Company	% Annual Growth Rates in Peak Demand During (1986-1995)
CP&L	2.3%-2.9%
Duke	2.2%-2.8%
Vepco	1.5%-2.3%

Forecasting electric load growth for many years into the future is an imprecise art at best. Virtually all of the forecasting tools in common use today assume that certain historical trends or relationships will continue into the future, and that historical correlations give meaningful clues to future behavioral patterns. As a result, any shift in such correlations or relationships can introduce significant errors into the forecast. A prime example of such a shift in historical relationships was the shift in energy usage patterns following the dramatic increase in fuel oil prices during the mid 1970's, an event which rendered virtually all prior forecasts invalid.

The current load forecasts adopted by the Commission are based in large part on the premise that conservation, load management, and emerging alternative resources represent permanent changes in the approach of society toward the use of energy. However, uncertainties concerning when the various known energy alternatives will become available in sufficient quantity to be of significant impact during the current planning horizon places the Commission in the position of having to evaluate "most likely" forecasts, while at the same time working to encourage energy alternatives which could change those "most likely" forecasts. Thus, the Commission finds it necessary to allow for a great deal of flexibility in the planning for generation capacity expansion.

2. The Alternative Energy Corporation

Creation and Structure

The North Carolina Alternative Energy Corporation (AEC) was established by the North Carolina Utilities Commission in 1980 to identify, adapt, and promote alternative energy technologies and systems suited to North Carolina requirements. The AEC is a quasi-public, non-profit, private corporation that secures financial support from both the regulated and nonregulated electric suppliers in North Carolina. The AEC is the nation's only cooperative joint venture in energy between government and public and private power organizations. In early 1985, the original five-year lifetime for the corporation was extended to December 31, 1990, by action of the Utilities Commission following a full public hearing.

During 1986, the AEC assisted in stabilizing operating expenses for 92 non-profit organizations by reducing energy costs more than $200,000 annually, saved $20,000 annually through energy improvements to 228 public housing units, assisted eight non-profit agencies in obtaining $454,000 in grants for solar space and water heating, and generated savings of $9,824 for the City of High Point through alterations to the heating and cooling systems.

The AEC is governed by a Board of Directors composed of both public and utility representatives. The six utility organizations, which provide funding for the AEC, each appoint a director. These directors represent the state's investor-owned generation, transmission, and distribution facilities (Carolina Power & Light Co., Duke Power Co., Nantahala Power & Light Co., and North Carolina Power), the association of electric cooperatives (North Carolina Electric Membership Corporation) and the association of municipal electric systems (ElectriCities).

The Governor of North Carolina appoints the remaining seven directors, one of whom must be the Chairman of the Board. This framework brings individuals representing widely different interests and perspectives together to work toward the common goal of maximum energy efficiency and minimum energy costs.

3. CWIP--Update

On June 17, 1982, in a called short session, the North Carolina General Assembly enacted into law language changes in G.S. 62-133(b) (1) that had the effect of rescinding the mandatory inclusion in the rate base of Construction Work in Progress (CWIP) for rate-making purposes. The change in the statute from "shall be included" to "may be included" gives the Commission discretionary powers on this matter. The mandatory inclusion had been in effect since July 1, 1979, and had provided millions of additional dollars for the utilities. In Carolina Power & Light Company's last general rate case (Docket No. E-2, Sub 481, dated 11-20-84) under the discretionary powers statute and due to the unusual large construction program, the Commission allowed $663,167,000 of CWIP in the rate base and the associated additional revenues of approximately $33,491,000 required to provide a fair rate of return on the additional investment. The real impact of this change in the treatment of CWIP on the consumers and on the ability to raise capital by the utilities depends to a large degree on the extent to which the Commission continues to allow all or a portion of CWIP in the rate-making process.

C. Railroad Station Closings and Changes

There were 73 railroad station closings and changes during the period January through December 1986. See Figure No. 11-3 in the Railroad section for more detailed information and listings.

D. Consumer Pocketbook Issues

1. General Rate Case Decisions 1970-1986

A summary of the Commission decisions in general rate cases for the 17-year period from 1970 through December 31, 1986, for the electric, gas, and telephone groups show that 58.9% of the amount requested has been granted. Broken down by groups the amounts granted were electric--60.3%; gas--65.1%; and telephone--53.4%. See Figure No. 2-2 for yearly totals.

During the most current 6-year period of 1981 through December 1986, the percentage granted for each group was less than for the previous 11 years. The amount granted during the most current 6 years was about 50% more than was granted during the previous 11 year period, although the gas group when taken alone was granted slightly less than for the previous 11 years. The following table shows the progression of amounts requested and granted during the last six years compared to the amounts requested and granted during the period from 1970 through 1980.

Period	Group	Requested (000s)	Granted (000s)	% Granted
1970-1980	Elec.	$1,004,343	$731,261	72.8
	Gas	$54,512	$36,633	67.2
	Phone	$323,740	$173,099	53.5
	Total	$1,382,595	$940,993	68.1
1981-1986	Elec.	$1,953,829	$1,052,655	53.9
	Gas	$87,258	$55,724	63.9
	Phone	$602,581	$321,181	53.3
	Total	$2,643,668	$1,429,560	54.1
1970-1986	Elec.	$2,958,172	$1,783,916	60.3
	Gas	$141,770	$92,357	65.1
	Phone	$926,321	$494,280	53.4
	Total	$4,026,263	$2,370,553	58.9

Many factors such as interest rates, quality of service, cost of fuel, availability of gas supplies, future demands for utility service and utility managerial efficiency contribute to the final decisions reached by Commissioners in general rate case decisions. All of these factors are thoroughly investigated and evaluated by the Public Staff of the Commission for each rate case and then presented to the Commission for consideration as to treatment in the case. Additionally, the Company and intervenors representing various groups and viewpoints offer expert testimony and their counsel engages in extensive cross examination of all pertinent testimony presented during the hearings. Some facts, however, lie beyond the control of the Commission and can account for even larger increases than the rate cases themselves. Cost of gas to the gas companies from the State's only supplier, Transcontinental Gas Pipeline Corporation (TRANSCO) requires an adjustment to consumers' gas rates, but this type of adjustment is made through a staff conference rather than through a general rate case. Fuel consumed for the generation of electricity was adjusted at intervals through regular open conference until June 17, 1982, when the procedure was changed to include fuel cost adjustments in general rate cases. For both gas companies and electric companies, the price, or cost adjustment to the ultimate consumer, is not necessarily the result of just general rate cases and, in fact, these cost adjustments can have as much or an even greater effect on the cost of services to the ultimate consumer than any other aspect of the industry.

2. N.C. Utility Rates vs. Consumer Price Index (CPI)

The Consumer Price Index for All Urban Consumers (CPI-U) reflects the average change in the retail prices of a fairly broad but select "basket" of consumer goods. It has been the most popular index because it is reported monthly as opposed to the quarterly publication of the Gross National Product Deflator, and it is not revised after its initial publication. For the year 1986, residential electric rates increased over the 1985 rates from an average of 6.86 cents per kWh to 7.15 cents, or an increase of 4.22%. For this same period, the CPI-U increased from 322.2 to 328.4, or 1.92%.

The increase in the composite rate for the four Class A electric companies to 7.15 cents per kWh came primarily from the increase in Duke Power Company's residential rate which reflects its pro-rata share of the cost of the increased plant investment Duke made in its Catawba Unit 2 nuclear power plant which was placed in service in August 1986.

North Carolina residential customer usage of kWhs of electricity increased in 1986 over 1985 by 5.2% whereas the U.S. average increased by approximately 1.6%. North Carolina usage has consistently exceeded the national average, this is partially due to the North Carolina rates per kWh being lower than the national average, viz; the average North Carolina cost for each residential kWh in 1986 was 7.15 cents vs. 7.70 cents or 8.21% lower.

The cost increase for a dekatherm of natural gas increased .93% in 1986 over 1985 and the average monthly telephone bill for local service for both residential and business customers increased only .31% in 1986 over 1985 vs. the 1.92% increase in the CPI-U.

The following table shows the electric, gas, and telephone utility costs compared to the CPI-U for the years of 1975 though 1984 and 1985 to 1986.

N.C. Utility Rates vs. Consumer Price Index (CPI)

Year Ended December 31	Average Residential Electric Rates Per kWh (Cents)	Average Residential Gas Rates Per Dekatherm ($)	Average Monthly Telephone Bill For Local Service (All Customers) ($)	Consumer Price Index All Urban Consumers
1975	3.09	$2.05	$14.88	161.2
1980	4.29	$4.08	$19.78	246.8
1984	6.64	$6.52	$22.37	311.1
1975-1984 % Change	114.89%	218.05%	50.34%	92.99%
1985	6.86	$6.46	$22.64	322.2
1986	7.15(a)	$6.52(b)	$22.71(c)	328.4
1985-1986 % Change	4.22%	.93%	.31%	1.92%

(a) This figure is a composite of the four Class A Electric companies in operation in North Carolina.

(b) This figure is a composite of these three North Carolina Gas Companies: N.C. Natural Gas, Public Service Co. of N.C., and Piedmont Natural Gas Co.

(c) This figure is the local service revenues divided by the total number of business and residential access lines on a monthly basis for the twelve largest North Carolina telephone companies.

FIGURE NO. 2-1

TOTAL VOLUME OF PROCEEDINGS BROUGHT BEFORE THE COMMISSION DURING THE CALENDAR YEAR ENDED DECEMBER 31, 1986

	Year	Buses	Electric	Gas	Railroads	Telephone	Trucks	Water & Sewer	Gen. & Misc.	Grand Totals
Total Proceedings Before Commission	1986	10	47	40	6	457	779	245	21	1,605
Disposition of Proceedings										
1. Formal hearings held with orders to follow:	1986	7	13	8	6	16	79	94	16	239
2. Conferences with informal hearings held with the following type of decisions resulting:										
a. Regular and Letter Type	1986	2	34	32	0	441*	30	151	5	695
b. Short form orders issued	1986	1**	0	0	0	0	670**	0	0	671
Total Proceedings Accounted For	1986	10	47	40	6	457	779	245	21	1,605
Percent of Grand Total	1986	.62%	2.93%	2.49%	.37%	28.47%	48.54%	15.27%	1.31%	100.00%
Cases on Appeal at 12-31-86		0	7	2	0	2	0	1	0	12
Docketed Cases Open at 12-31-86		0	21	4	0	11	1	10	11	58

*Includes 338 tariff filings and 26 map filings.

**Applications for tariff revisions on less than the 30 day statutary notice. Because of deregulation of the trucking industry in 1984, most tariff fillings were for decreases in rates.

FIGURE NO. 2-2
ELECTRIC, GAS, & TELEPHONE GENERAL RATE CASE DATA
AMOUNTS REQUESTED & GRANTED
FOR CALENDAR YEARS 1970-1986 (A)
($000s)

Electric Group	Requested	Granted	% Granted
1970	$1,280	$0	0.0
1971	56,533	39,045	69.1
1972	63,728	48,120	75.5
1973	32,555	22,769	69.9
1974	144,793	61,439	42.4
1975	186,871	175,255	93.8
1976	82,656	82,656	100.0
1977	77,711	49,615	63.8
1978	83,996	51,423	61.2
1979	35,511	28,314	79.7
1980	238,709	172,625	72.3
Sub Total	$1,004,343	$731,261	72.8
1981	$379,813	$299,200	78.8
1982	382,009	80,244	21.0
1983	298,072	186,919	62.7
1984	364,717	195,541	53.6
1985	292,763	157,671	53.9
1986	236,455	133,080	56.3
Sub Total	$1,953,829	$1,052,655	53.9
Grand Total	$2,958,172	$1,783,916	60.3

Gas Group	Requested	Granted	% Granted
1970	$0	$0	0.0
1971	6,414	4,955	77.3
1972	277	175	63.2
1973	7,220	2,264	31.4
1974	4,806	4,806	100.0
1975	5,952	4,817	80.9
1976	0	0	0.0
1977	4,451	1,514	34.0
1978	18,124	12,533	69.2
1979	5,984	4,353	72.7
1980	1,284	1,216	94.7
Sub Total	$54,512	$36,633	67.2
1981	$8,801	$5,610	63.7
1982	31,397	23,615	75.2
1983	13,615	3,057	22.5
1984	0	0	0.0
1985	19,744	15,049	76.2
1986	13,701	8,393	61.3
Sub Total	$87,258	$55,724	63.9
Grand Total	$141,770	$92,357	65.1

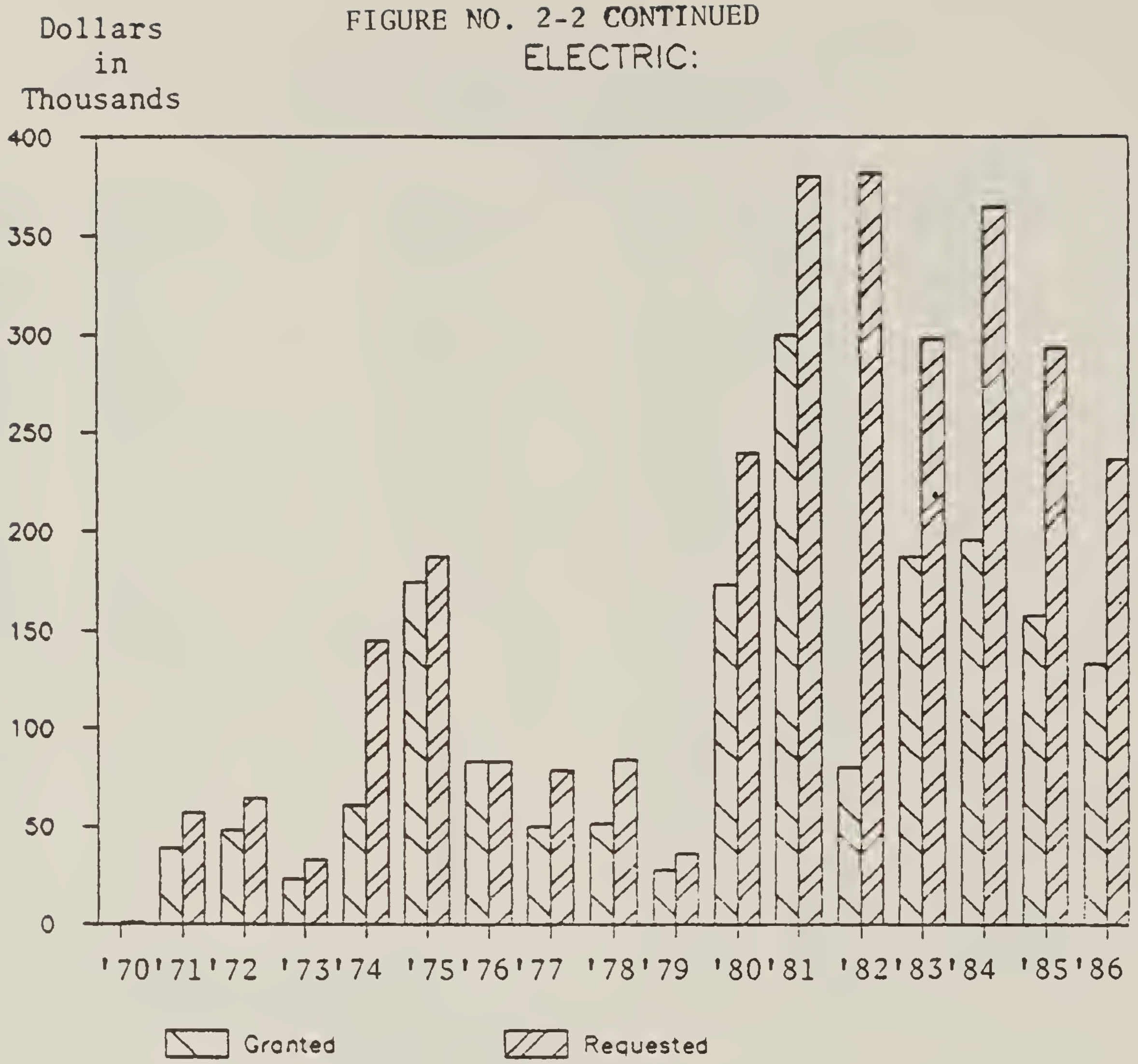
Telephone Group	Requested	Granted	% Granted
1970	$449	$392	87.3
1971	25,512	14,722	57.7
1972	34,323	15,834	46.1
1973	9,299	3,993	42.9
1974	33,812	8,271	24.5
1975	76,477	51,015	66.7
1976	14,683	10,232	69.7
1977	4,325	3,591	83.0
1978	73,766	36,000	48.8
1979	5,812	3,560	61.3
1980	45,282	25,489	56.3
Sub Total	$323,740	$173,099	53.5
1981	$116,382	$74,526	64.0
1982	190,393	114,383	60.1
1983	177,407	67,559	38.1
1984	104,105 (B)	56,757 (B)	54.5
1985	2,432	879	36.1
1986	11,862	7,077	59.7
Sub Total	$602,581	$321,181	53.3
Grand Total	$926,321	$494,280	53.4

Electric, Gas, & Telephone Groups	Requested	Granted	% Granted
1970	$1,729	$392	22.7
1971	88,459	58,722	66.4
1972	98,328	64,129	65.2
1973	49,074	29,026	59.1
1974	183,411	74,516	40.6
1975	269,300	231,087	85.8
1976	97,339	92,888	95.4
1977	86,487	54,720	63.3
1978	175,886	99,956	56.8
1979	47,307	36,227	76.6
1980	285,275	199,330	69.9
Sub Total	$1,382,595	$940,993	68.1
1981	$504,996	$379,336	75.1
1982	603,799	218,242	36.1
1983	489,094	257,535	52.7
1984	468,822	252,298	53.8
1985	314,939	173,599	55.1
1986	262,018	148,550	56.7
Sub Total	$2,643,668	$1,429,560	54.1
Grand Total	$4,026,263	$2,370,553	58.9

A) Regarding the columns entitled amounts requested and granted, the final amounts requested from the utility companies are listed.

B) These figures include an amount ($4,781,000) of toll revenues from the American Telephone & Telegraph Company toll setlement hearing (Docket No. P-100, Sub 69, dated 9-14-84).

FIGURE NO. 2-2 CONTINUED



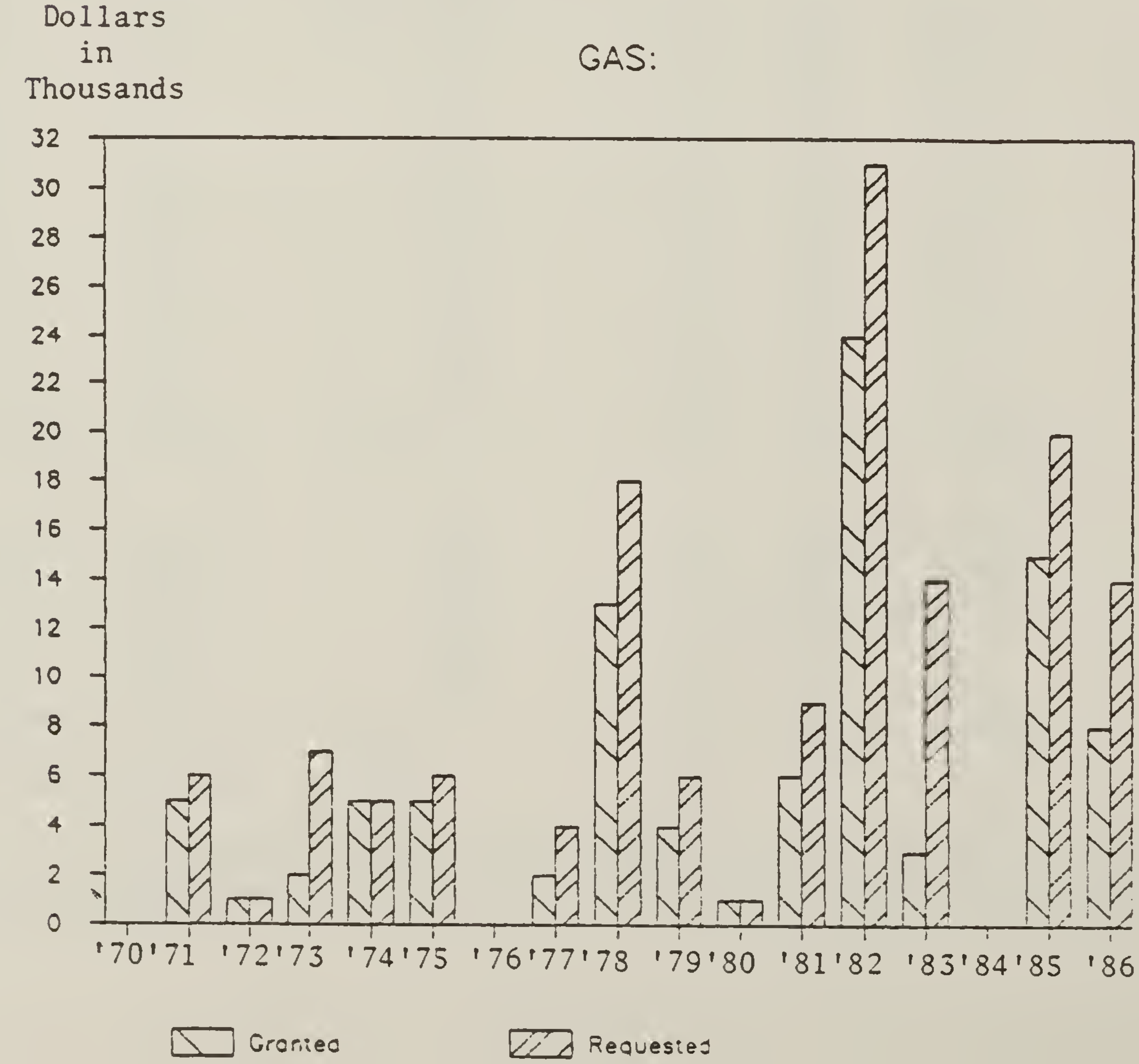
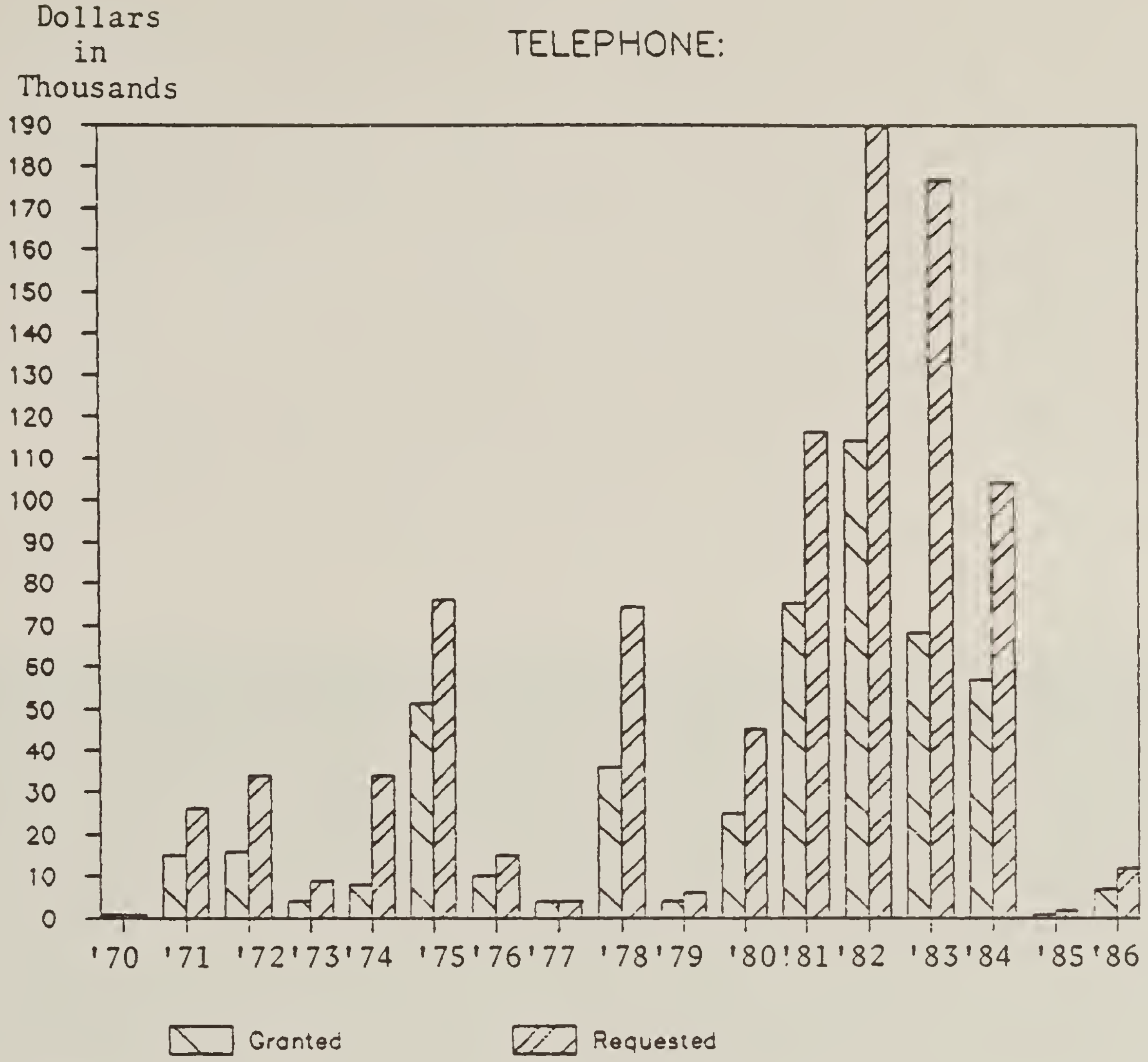
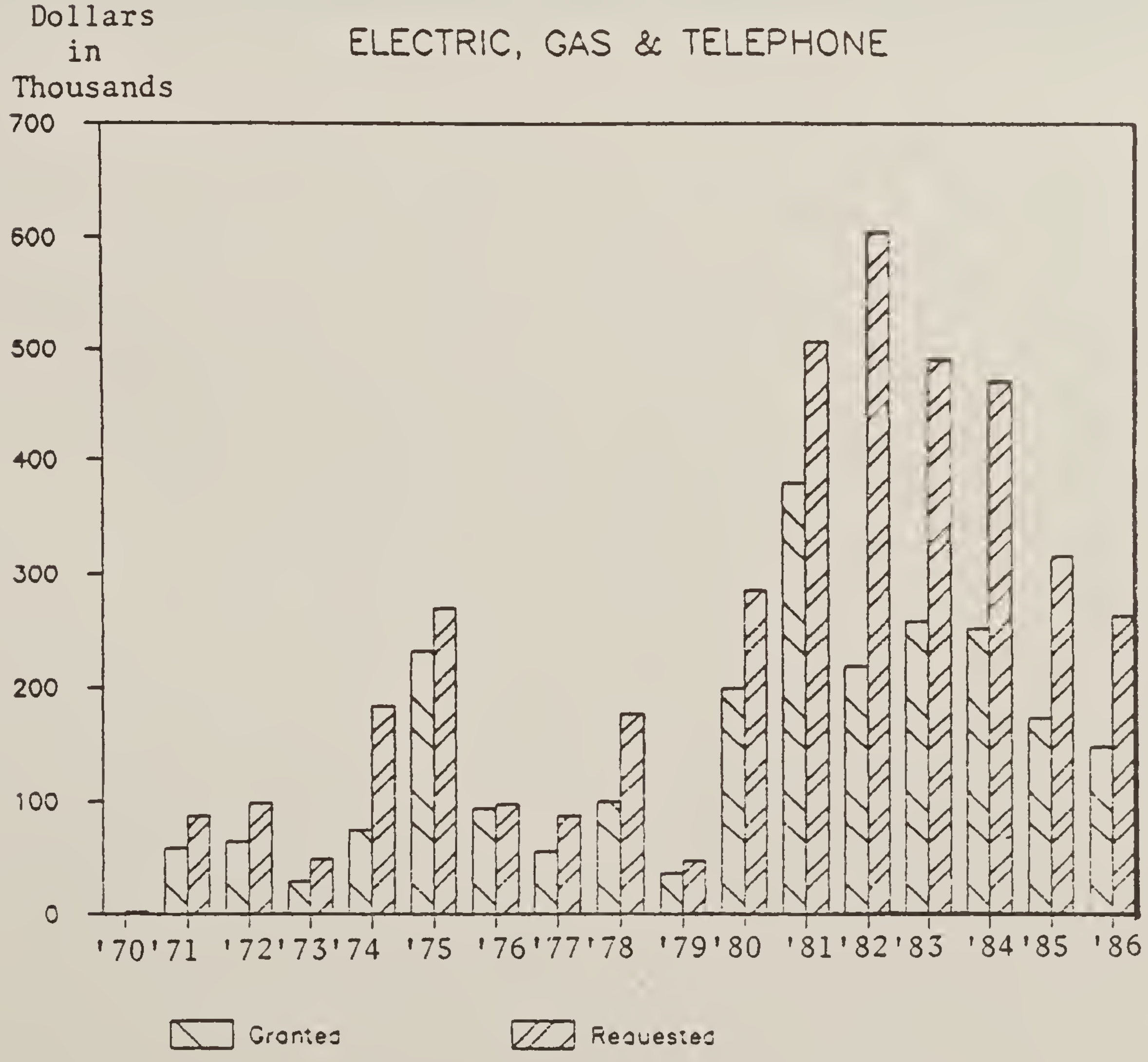


FIGURE NO. 2-2 CONTINUED





III. Summary Of The Commission Activities And Operations — 1985 And Prior Years

A. OVERVIEW OF SIZE, OPERATING RESULTS, AND NUMBER OF COMPANIES REGULATED

As shown on Figure No. 3-1, the major regulated electric, gas, and telephone companies experienced increases in plant investment, total capitalization, and total customers served or access lines in service. At December 31, 1985, there were 1,496 companies regulated by the North Carolina Utilities Commission as compared with 1,433 in 1984. In addition, 80 municipal utility systems, while not regulated by the Commission, were required to file annual reports, making a grand total of 1,576 utilities regulated or required to file annual reports, as of December 31, 1985. Many changes take place annually in various utility groups since new companies are being certified and others are being deleted because of sales, mergers, and abandonments. See Figure No. 3-2.

B. COMMISSION CASE LOAD: FORMAL AND INFORMAL HEARINGS

In addition to the multiplicity of decisions made informally by the Commission in conferences with its staff and interested parties, the Commission maintains a full docket of formal and semiformal hearings and conferences. There are many small complaints and inquiries disposed of daily by individual Commissioners and individual staff heads (both Commission and Public Staff). These complaints are handled through discussions with utility customers, executives, representatives, organizations, and associations.

During 1985, there were 1,422 proceedings acted upon, as compared to 982 proceedings in 1984. There were 279 formal hearings and 1,143 informal hearings in 1985. In 1984, there were 240 formal hearings and 742 informal hearings. The major type of informal hearings which caused the large increase in 1985 over 1984 related to the T-696 applications for tariffs filed by the trucking companies operating in North Carolina.

The proceedings require much time and effort by personnel of both the Commission and Public Staffs and even more time in actual public hearings. The number of pages transcribed by the court reporters for the years 1975 through 1985 are as follows:

Year	No. of Pages Transcribed
1975	27,938
1976	23,942
1977	30,056
1978	34,057
1979	28,442
1980	28,829
1981	34,205
1982	25,447
1983	28,191
1984	27,737
1985	23,051 (a)

(a) There were 6,090 additional pages transcribed by two outside court reporting firms.

The general rate increase hearings continued to generate much public interest in 1985. The Attorney General represented some segments of the public sector who wished to intervene while others provided their own legal counsel. In addition, the Commission's Public Staff intervened in most cases and made their recommendations to the Commissioners. The Public Staff was created by the 1977 Legislature as an independent advocate charged with the responsibility of respresenting the using and consuming public.

Many docketed issues are settled by letter type orders and rulings. There were 762 of these type orders issued in 1985. These are largely matters in which no one has intervened or no general public interest has been demonstrated, as in the case of many gas, electric, telephone, and transportation filings. These type proceedings generally require only about 10% to 20% of the time of the Commission's staff and Commissioners.

Complaint Activity

Another important facet of the Commission and Public Staff workload involves the handling of customer complaints dealing with all aspects of utility operations and services. A vast majority of these complaints are settled without becoming a docketed item and going into informal hearing proceedings. The Public Staff's Consumer Services Division investigated and resolved a majority of these complaints. To illustrate the magnitude of this phase of the Commission workload, the number of complaints received and handled in 1985 was 4,913 compared to 5,625 in 1984, and 5,243 in 1983.

C. GENERAL IMPACT OF THE REGULATED UTILITIES ON THE ECONOMY OF NORTH CAROLINA IN 1985

The regulated utility companies made significant contributions to the economy of the State during 1985. There were 1,576 companies in 1985 compared to 1,513 companies in 1984. Figure Nos. 3-3, 3-4, and 3-5 portray the magnitude of the contributions in chart and table form. In 1985, employment by the utilities showed an increase of 1.0% from the previous year. Salaries and wages paid to the utility employees continued to increase in dollar amount from more than $2,235 billion in 1984 to $2,341 billion in 1985, a 4.7% increase. It should be noted that the salaries and wages paid by motor freight and motor passenger carriers include some non-regulated salaries and wages. Accurate and precise separated data is not currently available.

State income, franchise, and property taxes paid by the regulated sector of the State's business community continued to be substantial. The decline in the franchise tax is largely due to the transfer of approximately 50 percent of what used to be the 6 percent gross receipts tax on telephone companies and public utilities to the sales tax schedule. The transfer was enacted to enable North Carolina tax payers who itemize to use that portion of the tax as a deduction against federal personal income taxes.

Utilities
Percent of State Totals

Type Taxes	1984	1985
State Income Taxes (Corporations Only)	25.7	19.1
State Franchise Taxes	84.2	47.4
Local Property Taxes	6.4	5.7
Bus and Truck Fees	23.7	21.9
Total of Above Taxes	24.3	15.4

In 1985, gross operating revenues continued to increase for both electric and telephone utilities. Figure No. 3-6 depicts this growth with the four Class A electric companies showing an increase of 5.1% in 1985 compared to 1984.

Investment in gross plant allocated to North Carolina by the electric, gas, and telephone utility companies continued to increase over the previous year. There was a 5.9% increase in the 1985 total gross plant allocated to North Carolina compared to the previous year making a total of more than $17 billion as of December 31, 1985, ($17,315,637,000). The increased electric plant investment will serve the increasing number of electric and gas customers which numbered 2,304,870 in 1985 compared to 2,227,529 in 1984. In 1985 there were 2,639,678 telephone access lines reported compared to 2,549,105 in 1984. The telephone industry changed its system of reporting the number of telephones served by each company to the number of access lines (P-100, Sub 58). As a result of the 3.6% increase in access lines, more funds will be required to provide adequate service to these additional access lines. The use of the term "access" lines instead of "main" lines and the change in method of counting these lines results primarily from the divestiture of American Telephone and Telegraph Company of its operating companies.

The regulated motor freight, motor passenger, and railroad industries play an important role in the industry of North Carolina. However, due to accounting classification changes and the changes in reporting of information by carriers, less information was available than has been in the past. For detailed information please refer to the individual sections in this publication.

FIGURE NO. 3-1

HIGHLIGHTS OF ACTIVITIES
ELECTRIC, GAS, & TELEPHONE UTILITIES
1985 VS. 1984
(Dollars in Thousands)

	Electric Class A			Gas All Classes			Telephone All Classes		
Revenues and Expenses (N.C. Only):	1984	1985	% Change	1984	1985	% Change	1984	1985	% Change
Operating Revenues	$3,670,414	$3,858,419	5.1	$735,282	$636,479	(13.4)	$2,084,847	$2,336,649	12.1
Operating Expenses	$2,950,256	$3,152,720	6.9	$694,919	$601,718	(13.4)	$1,764,307	$1,991,987	12.9
Net Operating Income Including Taxes	$720,158	$705,699	(2.0)	$40,363	$34,761	(13.9)	$320,540	$344,662	7.5
Other Income (Deductions) Net (A)	$272,555	$317,285	16.4	$2,645	$3,351	26.7	$26,086	$28,284	8.4
Fixed Charges	$389,791	$403,225	3.4	$17,277	$20,151	16.6	$111,536	$114,281	2.5
Net Income	$602,922	$619,759	2.8	$25,731	$17,961	(30.2)	$235,090	$258,665	10.0
Plant (N.C. Only):									
Gross Plant (B)	$11,080,084	$11,882,039	7.2	$531,656	$585,155	10.1	$4,734,861	$4,848,443	2.4
Accumulated Depreciation	$2,503,476	$2,768,960	10.6	$163,425	$177,459	8.6	$1,173,356	$1,342,895	14.4
Net Plant	$8,576,608	$9,113,079	6.3	$368,231	$407,696	10.7	$3,561,505	$3,505,548	(1.6)
Capital Structure (Systemwide):									
Capital Stock & Surplus	$8,950,650	$9,524,743	6.4	$188,558	$197,036	4.5	$13,766,722	$14,667,894	6.5
Long Term Debt	$8,290,281	$8,741,147	5.4	$146,466	$202,452	38.2	$8,851,350	$8,335,298	(5.8)
Total Capital Structure	$17,240,931	$18,265,890	5.9	$335,024	$399,488	19.2	$22,618,072	$23,003,192	1.7
Long Term Debt % of Total Capitalization	48.1	47.9	(0.4)	43.7	50.7	16.0	39.1	36.2	(7.4)
Other Statistics (N.C. Only):									
Total Customers Yearly Average	1,830,497	1,893,012	3.4	397,032	411,858	3.7			
Average Number of kWhs per Residential Customer	11,834	11,364	(4.0)						
Average Number of Dekatherms Used Per Residential Customer				87	74	(14.9)			
Average Revenue per kWh or Dekatherm per Residential Customer (Cents)	6.64	6.86	3.3	6.52	6.46	(0.9)			
Total Access Lines in Service							2,549,105	2,639,678	3.6
Average No. of Calls per Access Line: (C)									
Local							2,669	2,736	2.5
Toll							326	394	20.9

(A) Includes all allowance for funds used during construction (AFUDC) and all extraordinary and delayed items.

(B) Includes Plant in Service, Under Construction, Held for Future Use, and Leased to Others.

(C) Information available for the nine largest telephone companies.

FIGURE NO. 3-2

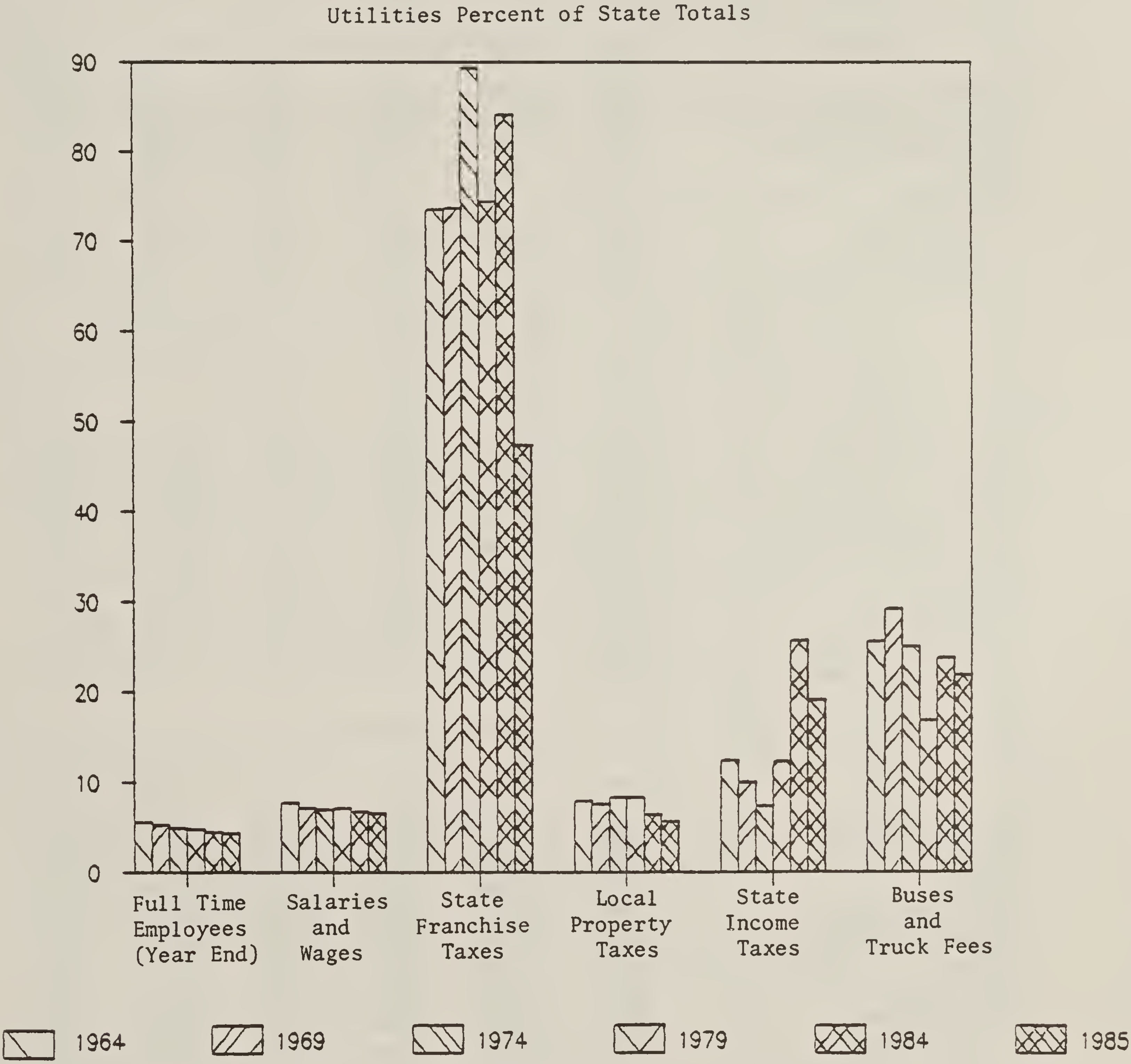
UTILITIES REGULATED AND REPORTING TO THE NORTH CAROLINA UTILITIES COMMISSION 1968, 1973, 1978, 1984, 1985

Type of Utility or Service	Number as of December 31				
	1968	1973	1978	1984	1985
Electric	12	13	10	7	6
Gas	7	5	5	4	4
Motor Freight Carriers by Type:					
Common Carriers	523	529	533	642	681
Contract Carriers	70	77	89	195	209
Common & Contract Carriers	24	19	21	53	57
Railroad Motor Freight Carriers	5	5	5	0	0
Total Motor Freight Carriers	622	630	648	890	947 (A)
Motor Passenger Carriers by Type:					
Common Carriers	49	45	59	45	46
Contract Carriers	11	7	4	1	1
Intracity Carriers (Fares only regulated)	9	9	10	2	2
Total Motor Passenger Carriers	69	61	73	48	49
Motor Boat Common Carriers	2	3	2	3	3
Railroad Companies	26	23	23	20	22
Transportation Brokers	4	5	27	62	58
Telephone	29	28	22	20	20
Telegraph	1	1	1	1	1
Water & Sewer	144	243	403	378	386
Total Utilities Under Regulation	916	1,012	1,214	1,433	1,496
Municipal Utility Systems Required to File Annual Reports with N.C. Utilities Commission:					
Electric	73	72	71	71	71
Gas	8	8	8	8	8
Telephone	1	1	1	1	1
Total Municipals Filing Annual Reports	82	81	80	80	80
Grand Total of all Utilities Regulated or Required to File Reports	998	1,093	1,294	1,513	1,576

(A) This figure for total number of motor freight carriers franchised to operate is as of July 30, 1986.

FIGURE NO. 3-3

IMPACT OF REGULATED UTILITIES ON THE ECONOMY OF NORTH CAROLINA
1964, 1969, 1974, 1979, 1984, 1985



1985 Data
(Dollars in 000s)

Utilities	96,199	$ 2,340,680	$178,767	$ 83,904	$ 93,529	$14,709
State Totals	2,223,223	$35,586,322	$377,154	$1,468,470	$489,656	$67,011

FIGURE NO. 3-4
IMPACT OF REGULATED UTILITIES ON THE ECONOMY OF NORTH CAROLINA SELECTED STATISTICS ABOUT EMPLOYMENT, WAGES, AND CERTAIN TAXES PAID OR LEVIED--FOR THE YEARS 1964, 1969, 1974, 1979, 1984, AND 1985

Number of Full-Time Employees (N.C. Portion Only)

	1964	1969	1974	1979	1984	1985
Electric (Class A Only)	7,462	8,824	14,524	17,959	21,017	21,798
Gas	1,328	1,863	1,851	1,891	2,305	2,404
Telephone	11,563	16,526	20,146	21,188	17,170	16,523
Motor Freight Carriers (A)	25,072	33,472	37,183	41,734	46,298	47,917
Motor Passenger Carriers (A)	2,619	2,667	2,770	2,168	2,197	2,076
Railroads	8,912	7,449	7,515	6,987	6,183	5,428
Western Union	274	294	239	110	66	53
Total Utilities	57,230	71,095	84,228	92,037	95,236	96,199
Total for State	1,026,708	1,333,349	1,724,709	1,935,641	2,138,137	2,223,223
Utilities % of State Total	5.6%	5.3%	4.9%	4.8%	4.5%	4.3%

Salaries and Wages Paid to N.C. Employees (000s)

	1964	1969	1974	1979	1984	1985
Electric (Class A Only)	$46,296	$69,817	$168,099	$297,320	$586,984	$647,158
Gas	$6,973	$12,716	$17,094	$26,774	$48,771	$53,141
Telephone	$62,614	$108,143	$206,008	$359,413	$458,157	$474,053
Motor Freight Carriers (A)	$150,116	$253,258	$397,185	$657,291	$941,821	$974,330
Motor Passenger Carriers (A)	$12,972	$16,508	$22,578	$27,787	$36,736	$34,909
Railroads	$54,938	$66,028	$100,255	$136,493	$160,162	$154,903
Western Union	$1,411	$2,006	$1,899	$1,324	$2,219	$2,186
Total Utilities	$335,320	$528,476	$913,118	$1,506,402	$2,234,850	$2,340,680
Total for State (A)	$4,280,588	$7,380,668	$13,107,494	$21,050,398	$32,761,445	$35,586,322
Utilities % of State Total	7.8%	7.2%	7.0%	7.2%	6.8%	6.6%

Average Annual Compensation

	1964	1969	1974	1979	1984	1985
Electric (Class A Only)	$6,204	$7,912	$11,754	$16,555	$27,929	$29,689
Gas	$5,250	$6,825	$9,235	$14,159	$21,159	$22,105
Telephone	$5,415	$6,544	$10,226	$16,963	$26,683	$28,690
Motor Freight Carriers	$5,987	$7,566	$10,682	$15,750	$20,343	$20,334
Motor Passenger Carriers	$4,953	$6,190	$8,151	$12,817	$16,721	$16,816
Railroads	$6,164	$8,864	$13,341	$19,535	$25,904	$28,538
Western Union	$5,149	$6,823	$7,946	$12,036	$33,621	$41,245
Total Utilities	$5,859	$7,433	$10,841	$16,367	$23,466	$24,332
Total for State	$4,169	$5,535	$7,600	$10,875	$15,322	$16,007

(A) Table 1, "Insured Employment & Wage Payments" for years reported: Motor Freight--Industry Group 421; Motor Passenger--Industry Group 411 & 413. This data includes both regulated and non-regulated. The regulated freight carriers number about 1/3 and the passenger carriers about 58% of the total carriers included in the statewide industry groupings. A reliable and accurate separation between regulated and non-regulated wages and salaries for these groups is not available. State totals are for all industries with insured employment.

FIGURE NO. 3-4 CONTINUED*

State Franchise Taxes ($000s)

	1964	1969	1974	1979	1984	1985
Electric (Class A Only)	$15,551	$24,338	$63,952	$117,579	$212,661	$113,854
Gas	2,868	5,210	8,469	20,427	43,728	20,894
Telephone	8,403	13,799	25,982	46,989	71,511	42,579
Railroads	1,076	1,256	1,507	1,713	1,618	1,399 (a)
Western Union	23	27	32	41	44	41 (a)
Total Utilities	$27,921	$44,630	$99,942	$186,749	$329,562	$178,767
Total for State	$37,976	$60,597	$111,742	$250,918	$391,316	$377,154 (b)
Utilities % of State Total	73.5%	73.7%	89.4%	74.4%	84.2%	47.4%

Local Property Taxes ($000s)

	1964	1969	1974	1979	1984	1985
Electric (Class A Only)	$8,192	$12,436	$22,806	$33,393	$43,186	$42,695
Gas	1,180	2,173	2,731	2,984	3,594	3,958
Telephone	5,282	10,251	20,655	30,084	29,729	30,697
Motor Freight Carriers (Class I & II))	682	1,405	1,721	1,513	1,444	1,484 (c)
Railroads	3,533	3,144	3,427	4,613	7,426	5,001 (d)
Western Union	29	40	66	56	68	69 (e)
Total Utilites	$18,898	$29,449	$51,406	$72,643	$85,447	$83,904
Total for State	$236,942	$389,764	$614,893	$867,422	$1,338,227	$1,468,470 (f)
Utilities % of State Total	8.0%	7.6%	8.4%	8.4%	6.4%	5.7%

State Income Taxes ($000s)

	1964	1969	1974	1979	1984	1985
Electric (Class A Only)	$4,643	$4,390	$2,341	$16,460	$55,737	$51,130
Gas	419	592	933	1,420	2,380	881
Telephone	3,244	4,785	7,071	14,223	23,405	27,259
Motor Freight Carriers (Class I & II))	615	422	1,159	1,500	12,115	12,721 (g)
Motor Passenger Carriers	170	131	113	177	173	182 (g)
Railroads	546	613	644	1,326	565	1,356 (h)
Total Utilities	$9,022	$10,933	$12,261	$35,106	$94,375	$93,529
Total for State (Corporations Only)	$76,916	$109,118	$165,474	$284,669	$367,824	$489,656 (i)
Utilities % of State Total	12.5%	10.0%	7.4%	12.3%	25.7%	19.1%

Bus and Truck Fees ($000s)

	1964	1969	1974	1979	1984	1985
Motor Freight Carriers (Class I & II))	$5,978	$9,105	$9,468	$9,763	$14,479	$13,955
Motor Passenger Carriers	277	344	526	603	783	754
Total Utilities	$6,255	$9,449	$9,994	$10,366	$15,262	$14,709
Total for State	$24,463	$32,343	$39,793	$61,214	$64,528	$67,011
Utilities % of State Total	25.6%	29.2%	25.1%	16.9%	23.7%	21.9%

* Footnotes for this chart are on the following page.

FOOTNOTES FOR FIGURE NO. 3-4

A. Statement of the Condition of the General Fund For The Fiscal Years 1984-85 and 1985-86.

B. Statement of the Condition of the General Fund For The appropriate fiscal years plus truck franchise taxes, IRP and truck license fees.

C. Derived from the valuation of motor freight carrier property and the property tax rate for the correct year. Numbers from Tables 73 and 76 of "1986" Statistics of Taxation.

D. Real estate and personal property taxes as given in the annual reports filed with the Commission for the appropriate years.

E. Derived from the valuation of telegraph property and the property tax rate for the correct year. Numbers from Tables 73 and 76 of "1986" Statistics of Taxation.

F. Table 72--"1986" Statistics of Taxation.

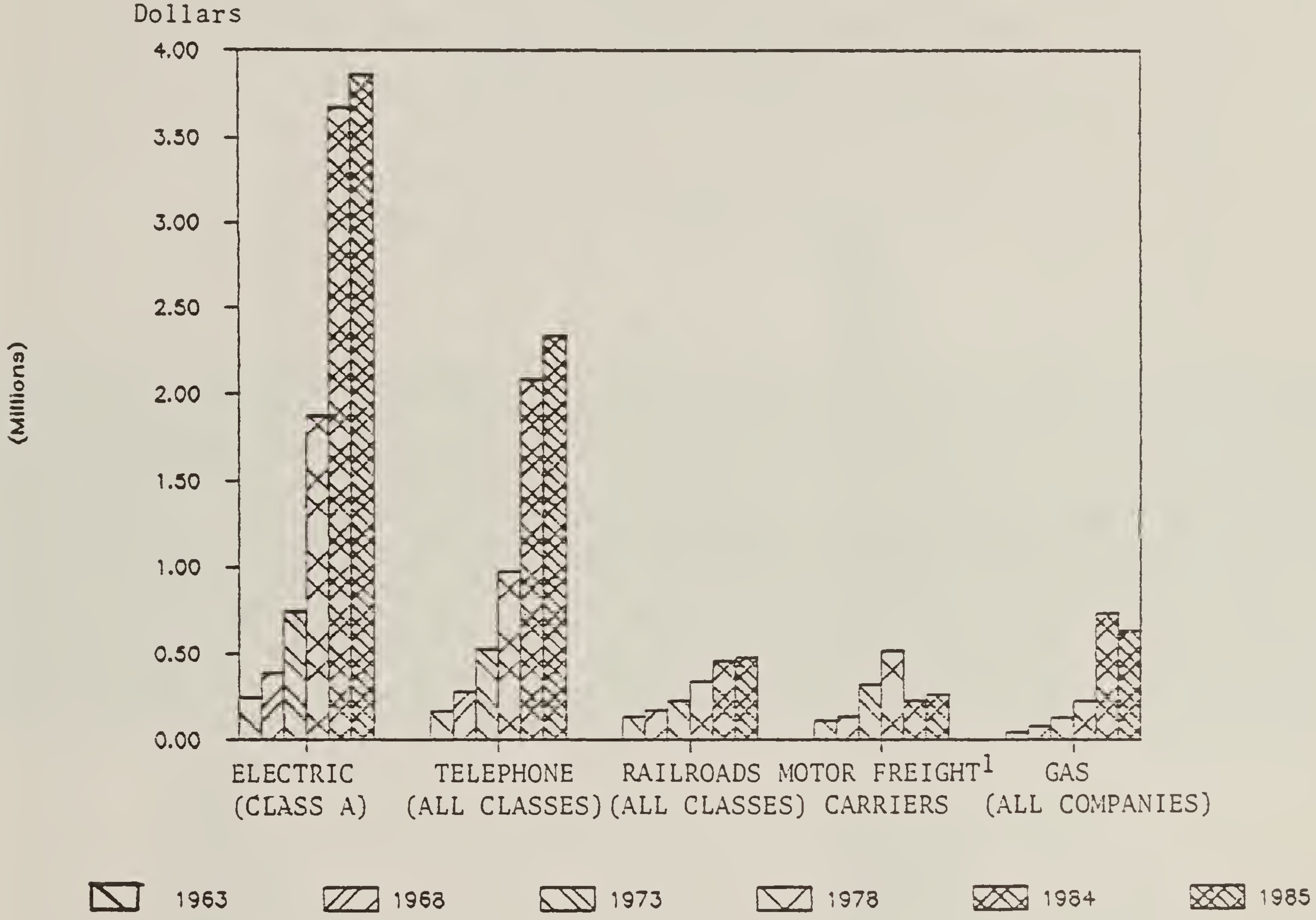
G. The 1985 State Income Taxes for Motor Freight and Motor Passenger Carriers was not readily available from the Tax Research Division of the N.C. Department of Revenue. Therefore, this number has been estimated at 5% greater than the 1984 figures.

H. State Income Taxes as given in the annual reports filed with the Commission by Class I, II, and III Railroad Companies.

I. Statement of the Condition of the General Fund For The Fiscal Years 1984-85 and 1985-86.

FIGURE NO. 3-5
GROSS OPERATING REVENUES OF THE MAJOR UTILITIES IN NORTH CAROLINA
N.C. DATA ONLY

For the Calendar Years 1963, 1968, 1973, 1978, 1984, & 1985



	Motor Passenger Carriers	Water & Sewer[2,3]	Western Union
1963	$22.9 Million	$685 Thousand	$629 Thousand
1968	27.4 Million	1.5 Million	1.0 Million
1973	30.1 Million	3.1 Million	748 Thousand
1978	26.3 Million	3.5 Million	793 Thousand
1984	37.7 Million	8.1 Million	1.0 Million
1985	33.8 Million	8.3 Million	1.0 Million

[1] For 1963--Classes I, II, and III were used. For 1967 and all future years, Classes I and II were used. ICC reclassification of carriers in 1979 reduced Class I and Class II carriers sharply.

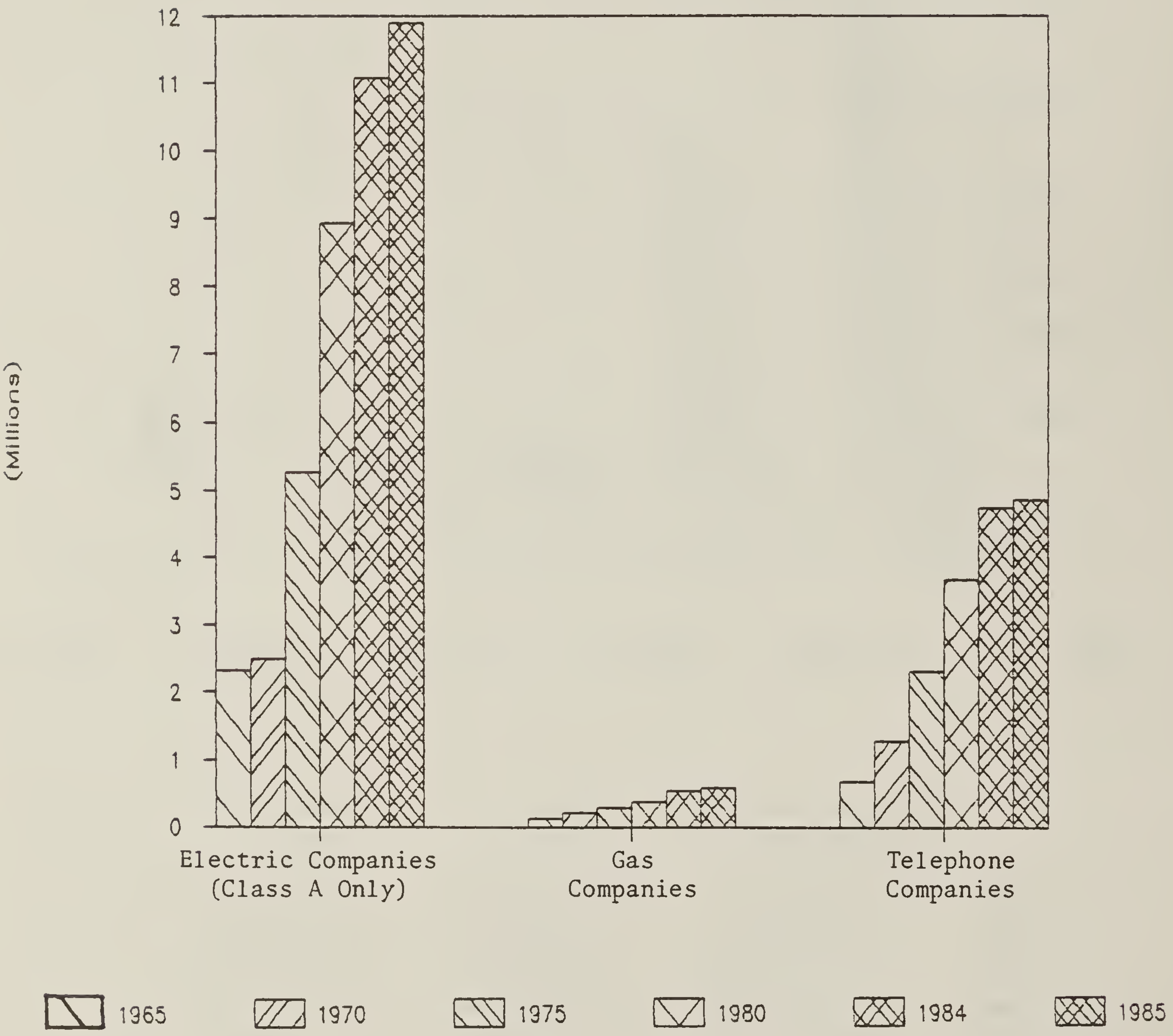
[2] For 1968-1973, 65 of the larger companies.

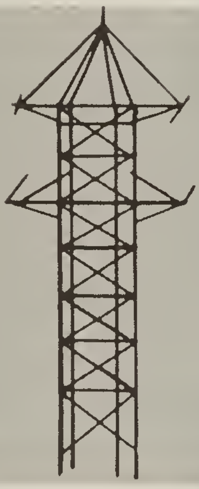
[3] For 1985, 13 of the larger companies.

FIGURE NO. 3-6

GROSS PLANT ALLOCATED TO SERVE NORTH CAROLINA CUSTOMERS
ELECTRIC--GAS--TELEPHONE

For the Years 1965, 1970, 1975, 1980, 1984, 1985
(Dollars in Thousands)





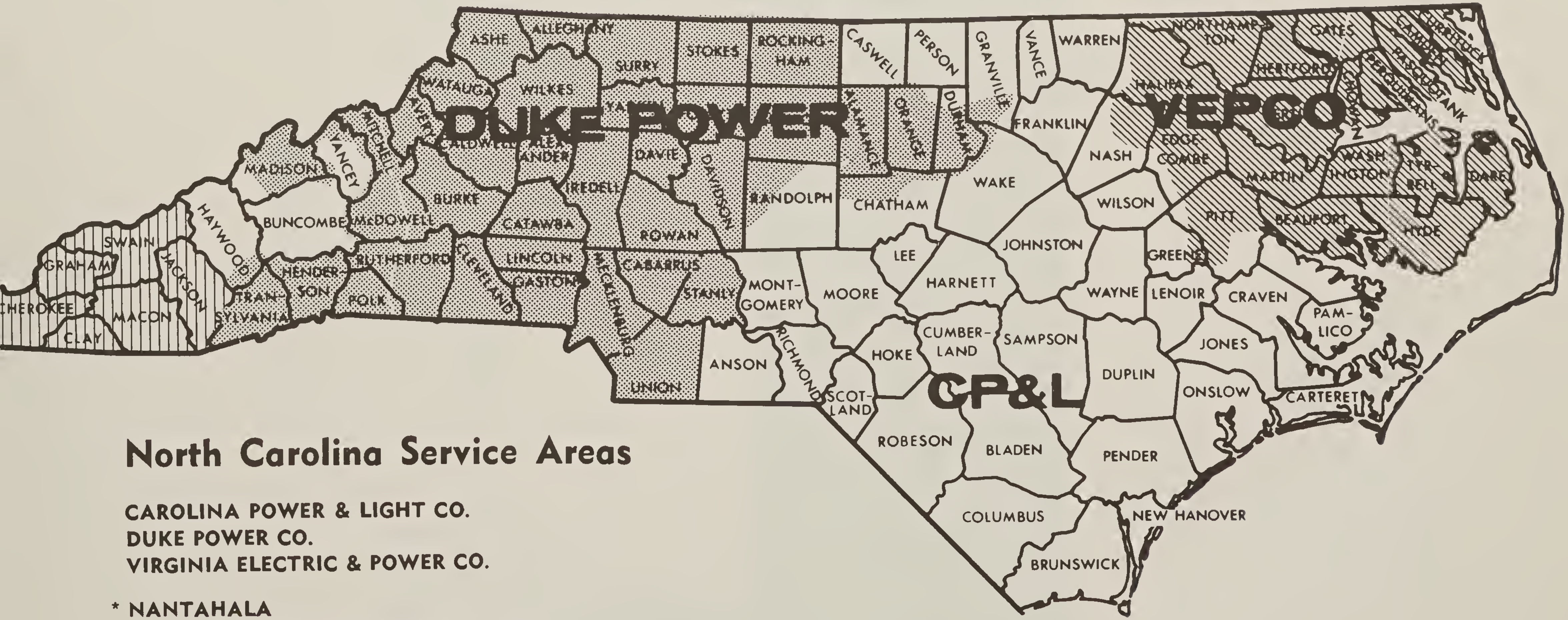
IV. The Electric Power Industry

FIGURE NO. 4-1

Private Power Company Service Areas

CLASS A COMPANIES

Regulated by North Carolina Utilities Commission



North Carolina Service Areas

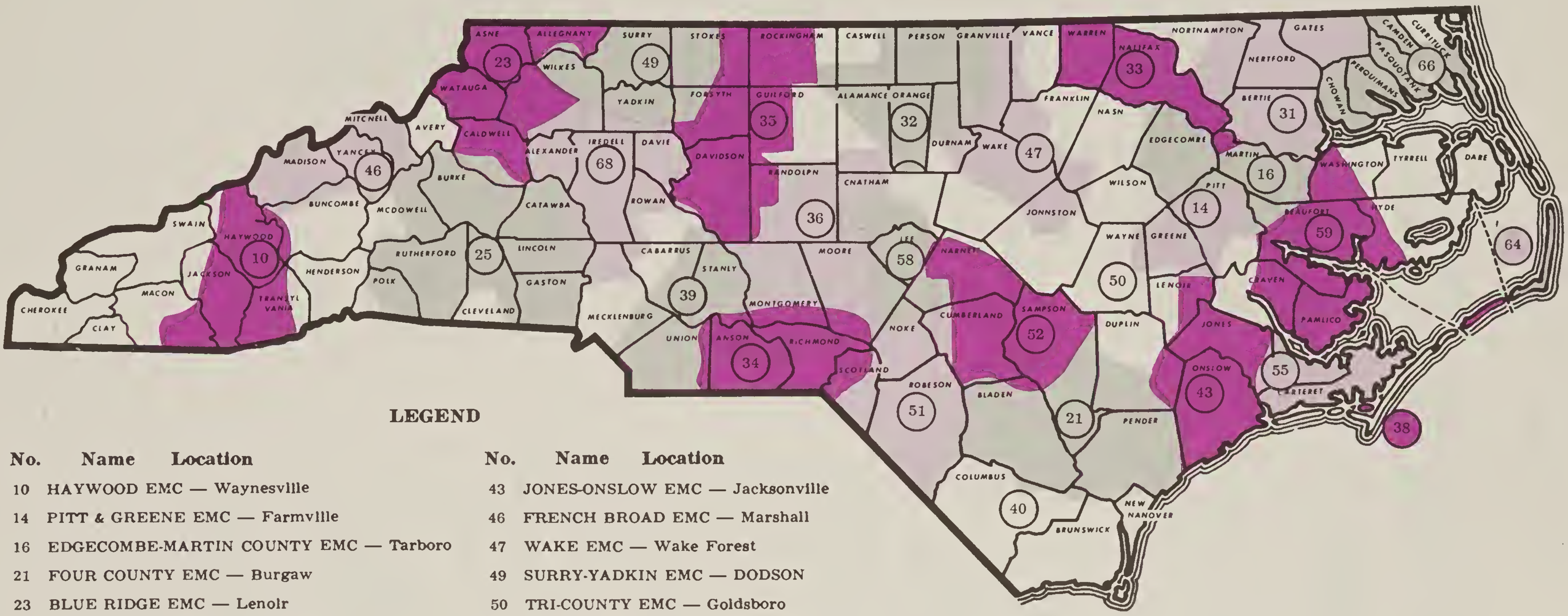
CAROLINA POWER & LIGHT CO.
DUKE POWER CO.
VIRGINIA ELECTRIC & POWER CO.

* NANTAHALA

* SERVES PORTIONS OF THE FOLLOWING COUNTIES:
CHEROKEE, CLAY, GRAHAM, JACKSON, MACON, SWAIN

Service Area Boundaries as of
January 1, 1987

NORTH CAROLINA ELECTRIC MEMBERSHIP CORPORATIONS



LEGEND

No.	Name	Location
10	HAYWOOD EMC	Waynesville
14	PITT & GREENE EMC	Farmville
16	EDGECOMBE-MARTIN COUNTY EMC	Tarboro
21	FOUR COUNTY EMC	Burgaw
23	BLUE RIDGE EMC	Lenoir
25	RUTHERFORD EMC	Forest City
31	ROANOKE EMC	Rich Square
32	PIEDMONT EMC	Hillsborough
33	HALIFAX EMC	Enfield
34	PEE DEE EMC	Wadesboro
35	DAVIDSON EMC	Lexington
36	RANDOLPH EMC	Asheboro
38	HARKERS ISLAND EMC	Harkers Island
39	UNION EMC	Monroe
40	BRUNSWICK EMC	Shallotte
43	JONES-ONSLOW EMC	Jacksonville
46	FRENCH BROAD EMC	Marshall
47	WAKE EMC	Wake Forest
49	SURRY-YADKIN EMC	DODSON
50	TRI-COUNTY EMC	Goldsboro
51	LUMBEE RIVER EMC	Red Springs
52	SOUTH RIVER EMC	Dunn
55	CARTERET-CRAVEN EMC	Morehead City
58	CENTRAL EMC	Sanford
59	TIDELAND EMC	Pantego
64	CAPE HATTERAS EMC	Buxton
66	ALBEMARLE EMC	Hertford
68	CRESCENT EMC	Statesville

FIGURE NO. 4-2

Service Area Boundaries as of
January 1, 1987
NORTH CAROLINA ELECTRIC
MEMBERSHIP CORPORATION
3333 North Boulevard
Raleigh, N.C. 27604

FIGURE NO. 4-3

CLASS A ELECTRIC COMPANIES
At December 31, 1985

CAROLINA POWER AND LIGHT COMPANY
RALEIGH, NORTH CAROLINA

Organized: April 6, 1926
Chairman, President, and Chief Executive Officer: Sherwood H. Smith, Jr.
Raleigh, N.C.
Service (For North Carolina): Electric
States Served: North Carolina and South Carolina

DUKE POWER COMPANY
CHARLOTTE, NORTH CAROLINA

Organized: May 1917
Chairman of the Board and Chief Executive Officer: William S. Lee
Charlotte, N.C.
President and Chief Operating Officer: Douglas W. Booth--Charlotte, N.C.
Service (For North Carolina): Electric, Water, Bus
States Served: North Carolina and South Carolina

NANTAHALA POWER AND LIGHT COMPANY
FRANKLIN, NORTH CAROLINA

Organized: July 23, 1929
President and Chief Executive Officer: W.M. Jontz
Executive Vice-President, Secretary, and Treasurer: N. E. Tucker, Jr.
Service (For North Carolina): Electric
State Served: North Carolina

NORTH CAROLINA POWER COMPANY
(The North Carolina Division of Virginia Electric & Power Company)

Organized: June 29, 1909
Chairman of the Board and Chief Executive Officer: William W. Berry
Richmond, Virginia
Service (For North Carolina): Electric
States Served: North Carolina, Virginia, and West Virginia

CLASS B, C, AND D ELECTRIC COMPANIES*

COMPANY	COUNTY SERVED
New River Light & Power	Watauga County
Western Carolina University	Jackson County

*Laurel Hill Electric Company was sold to the Pee Dee Electric Membership Corporation. The order approving the sale was dated January 20, 1986. (EC-34, Sub 22)

MUNICIPAL ELECTRIC SYSTEMS AND SOURCE OF POWER

Municipality	Source of Power
Albemarle	Duke Power Company
Apex	Carolina Power & Light
Ayden	Carolina Power & Light
Belhaven	North Carolina Power
Benson	Carolina Power & Light
Black Creek	Wilson
Boone (ASU)	New River Light & Power
Bostic	Duke Power Company, Southeastern Power Administration
Cherryville	Duke Power Company Shelby
Clayton	Carolina Power & Light
Concord	Duke Power Company
Cornelius	Duke Power Company Crescent Electric Membership Corporation
Dallas	Duke Power Company
Drexel	Duke Power Company Southeastern Power Administration
Edenton	North Carolina Power
Elizabeth City	North Carolina Power

FIGURE NO. 4-3 CONTINUED

MUNICIPAL ELECTRIC SYSTEMS AND SOURCE OF POWER

Farmville	Carolina Power & Light
Fayetteville	Carolina Power & Light
Forest City	Duke Power Company
Fountain	Farmville
Fremont	Carolina Power & Light
Gastonia	Duke Power Company
Granite Falls	Duke Power Company
Greenville	North Carolina Power
Hamilton	North Carolina Power
Hertford	North Carolina Power
High Point	Duke Power Company
Highlands	Nantahala Power & Light
Hobgood	North Carolina Power
Hookerton	Carolina Power & Light
Huntersville	Duke Power Company
Kings Mountain	Duke Power Company
Kinston	Carolina Power & Light
LaGrange	Carolina Power & Light
Landis	Duke Power Company
Laurinburg	Carolina Power & Light
Lexington	Duke Power Company
Lincolnton	Duke Power Company
Louisburg	Carolina Power & Light Southeastern Power Administration
Lucama	Wilson
Lumberton	Carolina Power & Light
Macclesfield	Wilson
Maiden	Duke Power Company
Monroe	Duke Power Company
Morganton	Duke Power Company Southeastern Power Administration
Murphy	TVA
New Bern	Carolina Power & Light
Newton	Duke Power Company
Oak City	Edgecombe-Martin Electric Membership Corporation
Pikeville	Carolina Power & Light
Pinetops	Wilson
Pineville	Duke Power Company
Red Springs	Carolina Power & Light
Robersonville	North Carolina Power
Rocky Mount	Carolina Power & Light
Scotland Neck	North Carolina Power
Selma	Carolina Power & Light
Sharpsburg	Rocky Mount
Shelby	Duke Power Company
Smithfield	Carolina Power & Light
Southport	Carolina Power & Light
Statonsburg	Wilson
Statesville	Duke Power Company
Tarboro	North Carolina Power
Wake Forest	Carolina Power & Light
Walstonburg	Wilson
Washington	North Carolina Power
Waynesville	Carolina Power & Light
Wilson	Carolina Power & Light
Windsor	North Carolina Power
Winterville	Greenville

Total: 71

FIGURE NO. 4-4

ELECTRIC MEMBERSHIP CORPORATIONS AND SOURCE OF POWER

Electric Membership Corporation	Headquarters	Source of Power
Albemarle	Hertford	N.C. Power,SEPA*
Blue Ridge	Lenoir	Duke, SEPA
Brunswick	Shallotte	CP&L, SEPA
Cape Hatteras	Buxton	N.C. Power
Carteret-Craven	Morehead City	CP&L, SEPA
Central	Sanford	CP&L, SEPA
Crescent	Statesville	Duke, SEPA
Davidson	Lexington	Duke
Edgecombe-Martin County	Tarboro	N.C. Power, SEPA
Four County	Burgaw	CP&L, SEPA
French Broad	Marshall	CP&L
Halifax	Enfield	CP&L, N.C. Power SEPA
Harkers Island	Harkers Island	CP&L
Haywood	Waynesville	CP&L, Duke, SEPA Nantahala
Jones-Onslow	Jacksonville	CP&L, SEPA
Lumbee River	Red Springs	CP&L, SEPA
Pee Dee	Wadesboro	CP&L, Duke, SEPA
Piedmont	Hillsborough	CP&L, Duke, SEPA
Pitt & Greene	Farmville	CP&L, SEPA
Randolph	Asheboro	CP&L, SEPA
Roanoke	Rich Square	CP&L, SEPA
Rutherford	Forest City	Duke, SEPA
South River	Dunn	CP&L, SEPA
Surry-Yadkin	Dobson	Duke
Tideland	Pantego	CP&L, N.C. Power, SEPA
Tri-County	Goldsboro	CP&L, SEPA
Union	Monroe	Duke, SEPA
Wake	Wake Forest	CP&L, Duke, SEPA

* Southeastern Power Administration

FIGURE NO. 4-4 CONTINUED

FOREIGN ELECTRIC MEMBERSHIP CORPORATIONS[1]

Electric Membership Corporations	Headquarters	Source of Power
Blue Ridge Mountain	Young Harris, Ga.	TVA[2]
Broad River Electric Cooperative, Inc.	Gaffney, S.C.	Saluda Electric Corporations[3]
Mecklenburg Electric Cooperative, Inc.	Chase City, Va.	SEPA, Old Dominion
Tri-State	McCaysville, Ga.	TVA
Mountain Electric Cooperative, Inc.	Mountain City, Tenn.	TVA

[1] Electric Membership Corporations that have operations in North Carolina but have headquarters in other states.

[2] Tennessee Valley Authority

[3] Until the fall of 1983 power was supplied by Duke Power Company and Southeastern Power Agency.

A. GENERAL COMMENTS

There were four Class A electric utilities operating in North Carolina under the regulation of the North Carolina Utilities Commission at December 31, 1985: Carolina Power & Light Company (CP&L), Duke Power Company (Duke), North Carolina Power Company, a division of Virginia Electric & Power Company (Vepco), and Nantahala Power and Light Company (Nantahala).

Carolina Power & Light Company serves approximately 853,000 customers within a 30,000 square-mile area. The service area has a population of approximately 3 million and is comparable in size to the combined states of Connecticut, Massachusetts, Rhode Island, New Jersey, and New Hampshire. It includes the Coastal Plains section of North Carolina, a section in western North Carolina, and about one-fourth of eastern South Carolina. CP&L provides retail electric service to 219 retail communities, each with a population of 500 or more, and wholesale service to the North Carolina Eastern Municipal Power Agency, four municipalities, and 18 electric membership corporations. The North Carolina Utilities Commission regulates about 68% of CP&L's energy sales, the South Carolina Public Service Commission about 16%, and the Federal Energy Regulatory Commission about 16%. These figures exclude special contracts. The North and South Carolina Commissions govern retail electric rates and the Federal Energy Regulatory Commission governs wholesale electric rates.

Duke Power Company is the seventh largest investor-owned electric utility in the nation, with a 20,000 square-mile service area in North Carolina and South Carolina. Duke's three nuclear stations, eight coal-fired plants, and 26 hydroelectric facilities provide electricity to more than 1.4 million customers. Duke's retail customers are served through 96 district and branch offices. The headquarters for Duke Power Company are in Charlotte, North Carolina.

Virginia Electric and Power Company is the principal subsidiary of Dominion Resources, Inc., a holding company formed in 1983. Vepco provides electric service for nearly four million people in a 32,000 square-mile area encompassing 80 percent of the population of Virginia as well as northeastern North Carolina and five counties in West Virginia. The North Carolina division of Vepco is referred to as The North Carolina Power Company. Vepco's service territory includes the urban corridor that runs from suburban Washington, D.C., south to Richmond and east to the Hampton Roads area. Vepco generates electricity with four nuclear, 15 coal-fired, two oil-fired, and 13 small hydroelectric units; and with six pumped storage hydroelectric units owned jointly with another utility. Vepco delivers electric power through 4,900 miles of high-voltage transmission lines and 51,800 miles of distribution lines.

Nantahala Power and Light Company serves the far western portion of North Carolina and is the only Class A company operating solely within North Carolina. Although it qualifies as a Class A utility, its service area and number of customers are small compared to the other three Class A companies. Aluminum Company of America (Alcoa) owns all of the capital stock of Nantahala. Portions of Nantahala's electric generation were formerly utilized by Alcoa for the smelting of aluminum.

The four major electric companies provide service directly to retail consumers, and they are suppliers of electric energy on a wholesale basis to the 28 electric membership corporations (EMCs) operating in North Carolina. There are five EMCs with operations in North Carolina whose headquarters are in other states. The Class A companies also supply electric energy to the 71 municipalities operating electric distribution systems throughout the state. The North Carolina Utilities Commission does not regulate the retail rates and service of the EMCs or the municipalities operating in North Carolina.

There were three small electric utilities also operating in North Carolina as of December 31, 1985; New River Light and Power Company, a subsidiary of Appalachian State University (ASU) located in Boone, N.C., which served 5,469 customers in 1985 with ASU being its largest single customer; Laurel Hill Electric Company, a utility company in Scotland County serving 714 customers, that has been sold to Pee Dee Electric Membership Corporation (Docket No. EC-34, Sub 22, order approving sale dated 1-20-86); and Western Carolina University located in Jackson County, N.C. which is not required to file an annual report with the North Carolina Utilities Commission.

B. CUSTOMER GROWTH—COMMENTS

In 1985 the four major electric utilities experienced a customer growth rate of 3.4% for their North Carolina operations. The net customer increase was 62,515 bringing the total average number of customers to 1,893,012 at December 31, 1985.

The smaller electric utilities experienced a 2.7% increase in their number of customers. Total customers increased from 6,021 to 6,183 during 1985. An average of 1,899,195 North Carolina customers were served by all the regulated electric utilities during 1985. See Figure No. 4-5.

C. ANNUAL CUSTOMER USAGE

The annual customer usage of kilowatt-hours per residential customer in 1985 was 11,364 kWhs. This is a 4.0% decrease from 1984. This figure for 1985 is 33% higher than the national average of 8,540 per residential customer. According to Figure No. 4-6, North Carolina's per customer residential consumption exceeds the national average for all the years shown between 1965-1985.

The average monthly use of electricity by North Carolina residential customers of Class A companies is 947 kilowatt-hours. Residential customers constitute about 86.0% of the total electric customers in the State. There is a direct correlation between the greater residential usage in North Carolina and the average charge per kilowatt-hour. Generally the lower the cost per kWh the greater the usage.

D. RATE INCREASES APPROVED

The average charge per kilowatt-hour for North Carolina residential service increased 3.3% from the preceding year. Figure No. 4-7 shows the average price of one kWh for the years 1960, 1965, 1970, 1975, 1980, 1982, 1983, 1984, and 1985. The 1985 figure of 6.86 cents reflects the general rate increase approved by the Commission as indicated in Figure No. 4-8.

E. COMPARISONS OF AVERAGE RESIDENTIAL MONTHLY BILLS

In Figure No. 4-9 a typical residential electric bill as of January 1, 1985, from North Carolina is compared to nine selected states from across the country. These states include Alabama, California, Florida, Indiana, Maine, Michigan, Ohio, South Carolina, and Virginia. For 1985, North Carolina is the third lowest at 500 kWh levels and the fourth lowest at 750 kWh and 1000 kWh levels.

In a comparison with the United States average, North Carolina monthly bills for 1985 continue to be lower. Data shown in Figure No. 4-9 indicates that states, except for Virginia, in all regions of the United States have experienced increasing electric bills. The North Carolina electric utilities have companywide rates for the respective residential, commercial, and industrial classes of customers. When company usage and load characteristics are the same, the residential customer's bill will not vary between the small and large communities.

In North Carolina, the electric companies recommend many ways for customers to save on their electric bills. Some of these include adequate insulation and efficient use of big energy user appliances such as water heaters, ranges, refrigerators, and freezers. Also with time-of-use rates, customers pay less for electricity used during off-peak periods and can save up to 15% every month. Keeping the thermostat at 68 degrees or lower in the winter can save customers up to 20% on heating bills. Furthermore there are appliances available in energy efficient models that may cost more initially but save each year in operating costs. Saving energy has become increasingly important. It not only translates directly into lower bills but also helps to conserve diminishing natural resources.

F. GENERATING CAPABILITY—NUCLEAR POWER IMPACT AND COGENERATION

General: The total system generating capability plus firm purchases as of December 31, 1985, for the largest electric companies is shown in Figure No. 4-10. The total for CP&L is net of the portion owned by the North Carolina Eastern Municipal Power Agency. Figure No. 4-10 gives in detail the peak loads in winter 1984/1985 and summer 1985, total capability at the times of the peaks, and the reserve percentage of electricity available to each company at peak demand.

Nuclear Power: Nuclear energy provided almost half of Vepco's energy supply last year, a total of 22.3 million megawatt-hours. For the fifth straight year Vepco's nuclear units performed better than the national average. The nuclear station's 1985 capacity factor was 76.3 percent, substantially better than the company's average capacity factor of 61.0 percent over the past three years. Capacity factor is the percentage of power a unit generates compared to what it would produce if it had operated continuously at full power. Since nuclear units must be taken out of service for refueling and routine maintenance, their maximum achievable capacity factor over an extended period is inherently below 100 percent.

Vepco's Surry Power Station set a record in 1985 for completing a major 10-year in-service inspection on a pressurized-water, three loop reactor in only 101 days. The North Anna Unit 1 set a company record in 1985 with 214 days of continuous operation.

Vepco doubled the spent nuclear fuel storage capacity at the North Anna Station. The increase gives that station sufficient spent fuel storage to meet all its needs until 1998, the date Congress has set for full operation of a federal spent fuel disposal facility.

CP&L progress continued throughout 1985 on the Shearon Harris Nuclear Power Plant. At year-end, construction on the 900 MW Unit 1 was 94 percent complete. This unit is expected to be in commercial operation in early 1987.

During 1985, CP&L continued to implement changes to systems and procedures at each nuclear unit in response to Nuclear Regulatory requirements and to help improve operations. These modifications resulted in additional capital expenditures of approximately $103 million in 1985. The nuclear units accounted for 33 percent of CP&L's total generation, a substantial increase over the preceding year.

In February 1985, CP&L's Robinson Unit 2 was returned to service after the planned replacement of steam generators was completed. This and other plant improvements helped Robinson set two Company nuclear operating records in 1985. The unit generated over 5,239,000 megawatt-hours during the year and operated at a capacity factor of 89.9 percent.

CP&L's Brunswick Unit 1 underwent a scheduled outage for refueling, maintenance, and major modifications. These modifications included environmental qualification of electrical equipment and inspections of the reactor recirculation system piping. Repairs were made to this piping, and CP&L is taking measures to mitigate future pipe degradation.

In late 1985, Brunswick Unit 2 began a scheduled outage for major modifications similar to those just completed on Brunwsick Unit 1. The current Brunswick Unit 2 outage is expected to be completed in mid-1986.

Nuclear power continues to be an important source of energy for Duke Power Company. Duke generated more than half of its electricity with nuclear power for the second consecutive year. Nuclear units produced 54% of total system generation, the same as 1984.

On June 29, 1985, Duke brought Catawba Unit 1, a 1,145,000-kilowatt unit nuclear power plant, into service. As Catawba Unit 1 was starting commercial service, Catawba Unit 2 was undergoing hot functional testing, which simulates operating conditions. The testing was completed in October, and uranium fuel was expected to be loaded into the reactor in the spring of 1986.

Unit 2 is expected to generate its first electricity during testing this summer and could begin commercial operating as early as this fall.

Cogeneration: In 1978 the Federal Public Utility Regulatory Policies Act (PURPA) challenged the Federal Energy Regulatory Commission and the State regulatory authorities to encourage the development of cogeneration and small power production. Cogeneration facilities simultaneously produce two forms of useful energy such as electric power and steam. An example of manufacturing cogeneration would be a furniture manufacturing plant which not only uses process steam in its manufacturing activities, but also uses the same steam in order to generate electricity. Cogeneration facilities use significantly less fuel to produce electricity and steam (or other forms of energy) than would be needed to produce the two separately. Thus by using fuels more efficiently cogeneration facilites can make a significant contribution to the nation's effort to conserve its energy resources.

Many participants in the cogeneration program will come from the textile, paper, and chemical industries. Through efficient generation of their own electricity, greater profitability and aid in the reduction of overall production costs will be stimulated. The two largest power companies have docketed cogeneration of 556.41 MW of electricity as of June 30, 1986. If these cogeneration facilities were interconnected, this could provide the electrical needs of approximately 406,179 residential homes. Vepco has no customer-owned hydroelectric facilities operations in its North Carolina service area, but Duke Power Company and CP&L have docketed 36.102 MW of electricity at their hydroelectric facilities as of June 30, 1986.

The three largest power companies in North Carolina are working with customers (small power producers) who may be able to generate some of their own needs for electrical power, thus lowering peak loads. Small power production facilities are biomass, waste, renewable resources including wind, solar, and water that produce electric power. The regulated electric utilities are required to purchase the electricity generated by these qualifying small power production facilities. These energy sources have the potential of resulting in significantly cheaper electricity. For example the sun's rays or flowing water have no costs, as contrasted with the generally increasing cost of fossil fuels or nuclear fuel typically used by regulated utilities in their generating plants.

The Commission's order (E-100, Subs 41 and 41A), dated June 3, 1980, enumerated as part of its responsibilites the determination of the rates, charges, and condition for the sale of electric utilities and qualifying cogenerators or small power producers in North Carolina. In addition the Commission will determine the relative responsibilities of utilities and qualifying facilities with respect to system protection, service reliability, and other matters affecting such service.

G. SOURCE AND DISPOSITION OF THE ELECTRIC OPERATING REVENUE DOLLAR

Both the source and disposition of the 1985 electric operating revenue dollar are shown by the pie charts on Figure No. 4-11. In the past, fuel costs have been the largest component of the operation and maintenance expenses, and they have consumed the largest portion of the operating revenue dollar. However this trend does not hold true for 1985. Fuel costs required only 25 cents while the remaining operation and maintenance costs required 29 cents. Shown in Figure No. 4-12 is comparative data reflecting the components percentagewise for both the source and disposition of the electric operating revenue dollar for 1985. Fuel costs as a percent of total operational and maintenance expenses (excluding depreciation and taxes) have been declining since 1974, primarily because of the decreases in coal costs and the increasing use of nuclear fuel. The chart in Figure No. 4-13 shows this relationship for the period 1980-1985.

H. ENERGY SALES

Energy sales for the past decade have been rising. Class A companies' total energy sales in North Carolina increased in 1985 over 1984 by 2.9% with almost 69 billion kilowatt-hours sold. Figure No. 4-14 shows energy sales by class of customer for the years 1965, 1970, 1975, 1980, 1984, and 1985.

I. STATISTICAL SUMMARY DATA

As shown in Figure No. 4-15 the total operating revenues for North Carolina operations for the Class A electric utilities increased 5.1% for 1985 compared to 1984.

North Carolina operating expenses including taxes for the Class A companies increased 6.9% in 1985 over 1984 and the net income for 1985 increased 2.8% from the previous year.

Total company net income available for the common shareholders of the Class A companies was $978,479,000 for 1985 vs. $940,510,000 for 1984. The number of common shares outstanding at year-end increased from 291,787 million in 1984 to 310,514 million in 1985. The earnings per share (year-end outstanding) at December 31, 1985, were $3.15, down 2.2% from 1984.

Total salaries and wages paid North Carolina employees by Class A companies for 1985 was $647,158,000, an increase of 10.3% over 1984. In 1985, the number of employees residing in North Carolina was 21,798 compared with 21,017 in 1984, a 3.7% increase.

FIGURE NO. 4-5

CLASS A COMPANIES ONLY

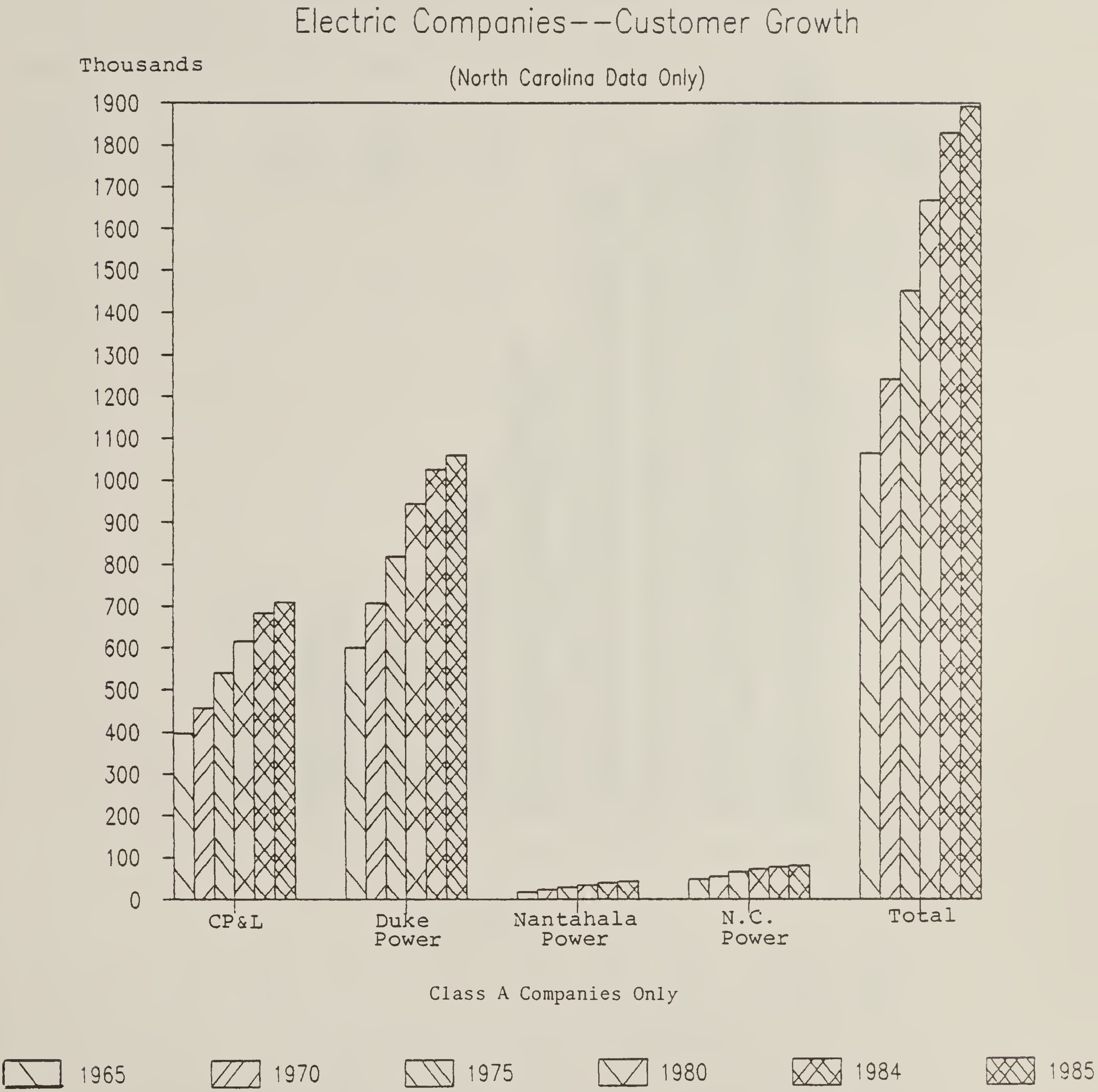


FIGURE NO. 4-6

Average Annual Residential Customers
kWh Usage
1965, 1970, 1975, 1980, 1984, 1985
(Class A & B Privately-Owned Utilities Only)

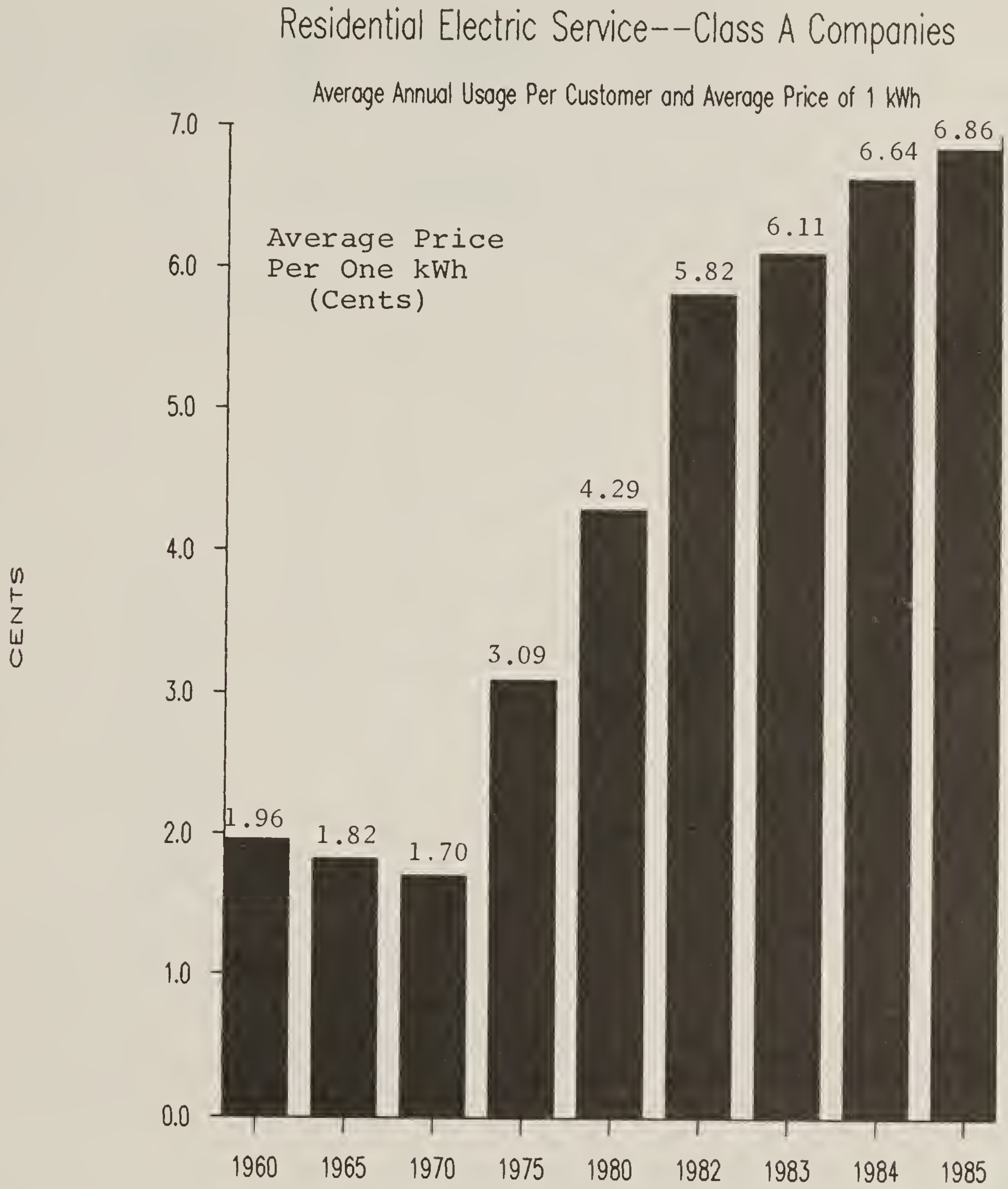
	1965	1970	1975	1980	1984	1985
N.C. Statewide Average	6,697	9,695	11,002	12,272	11,834	11,364
N.C. (Charlotte & Raleigh)(a)	7,272	11,037	11,771	13,201	12,213	11,992
S.C. (Columbia & Charleston)(b)	6,121	9,613	9,683	10,793	12,224	12,074
U. S. Average	4,618	6,700	7,829	8,481	8,557	8,540
N.C. (Charlotte & Raleigh) Higher than S.C. (Columbia & Charleston)	18.8%	14.8%	21.6%	22.3%	(.09%)	(.7%)
Higher than U.S. Average	57.5%	64.7%	50.4%	55.7%	42.7%	40.4%

(a) Charlotte--Served by Duke Power Co.
Raleigh--Served by CP&L
Average of the two used

(b) Columbia & Charleston
Served by S.C. Electric & Gas Co.
Average of the two used

U.S. Average--Financial Statistics of Selected Electric Utilities
(1985 Report)

FIGURE NO. 4-7



North Carolina Data Only
Average KWh Usage Per Customer

1960	1965	1970	1975	1980	1982	1983	1984	1985
5,204	6,697	9,695	11,002	12,272	11,653	11,873	11,834	11,364

Average Price of One kWh in Cents by Company

	1970	1975	1980	1982	1983	1984	1985
CP&L	1.64¢	3.18¢	4.36¢	6.28¢	6.48¢	7.04¢	7.21¢
Duke	1.73¢	3.01¢	4.13¢	5.49¢	5.83¢	6.31¢	6.57¢
Nantahala	1.66¢	2.29¢	3.68¢	4.98¢	4.47¢	5.52¢	6.14¢
N.C. Power	1.91¢	3.80¢	6.33¢	6.74¢	7.61¢	8.35¢	8.01¢

FIGURE NO. 4-8

General Rate Increases Approved for Electric Companies
For the Year 1985

Company	Date Filed	Docket Number	Amount Requested (000s)	Amount Approved (000s)	% Approved of Amount Requested	Date of Final Order
Duke Power Company	2-15-85	E-7, Sub 391	$292,763 (a)	$157,671	53.9%	9-17-85
Total			$292,763	$157,671	53.9%	

(a) This is the final amount requested revised from the initial request of $289,316,000.

FIGURE NO. 4-9

COMPARATIVE TYPICAL RESIDENTIAL ELECTRIC BILLS
NINE SELECTED STATES, NORTH CAROLINA, AND U.S. AVERAGE
STATE AVERAGE MONTHLY BILLS--RESIDENTIAL SERVICE
(Cities of 2,500 Population and Over) Data as of January 1 of each year

	500 kWh Assumed Consumption						750 kWH Assumed Consumption						1000 kWH Assumed Consumption					
STATE	1965	1970	1975	1980	1984	1985	1965	1970	1975	1980	1984	1985	1965	1970	1975	1980	1984	1985
NORTH CAROLINA	$9.53	$9.40	$16.21	$24.05	$35.88	$37.02	$12.92	$12.75	$22.53	$32.63	$50.76	$52.64	$N/A	$16.24	$29.20	$41.83	$65.32	$67.99
ALABAMA	8.25	9.33	16.62	23.63	35.21	35.98	10.87	12.12	22.05	33.99	49.75	50.94	N/A	14.91	27.45	44.34	62.05	63.65
CALIFORNIA	9.39	10.05	17.25	22.79	36.74	40.09	12.43	13.20	23.64	34.24	52.45	59.89	N/A	16.35	29.91	47.65	74.43	84.64
FLORIDA	11.78	11.26	18.53	25.53	39.38	42.55	15.90	15.24	25.88	36.68	56.44	60.97	N/A	19.10	33.17	48.37	74.88	80.77
INDIANA	10.36	10.32	13.37	26.68	38.52	39.79	14.09	13.98	18.31	35.22	52.30	54.12	N/A	18.01	23.59	44.83	66.32	68.68
MAINE	12.23	11.85	18.05	26.05	37.08	38.74	16.53	15.98	25.00	35.98	55.59	58.10	N/A	21.34	33.32	45.91	74.10	77.47
MICHIGAN	8.12	7.77	14.57	25.65	30.89	35.24	13.72	12.32	21.74	33.74	42.67	48.83	N/A	17.31	29.63	45.85	62.52	70.84
OHIO	10.63	10.44	17.23	28.26	40.58	41.68	14.94	14.07	24.15	39.84	58.25	59.85	N/A	18.14	31.15	51.11	73.05	75.13
SOUTH CAROLINA	10.04	10.01	18.53	25.40	33.93	37.65	13.39	13.33	25.18	34.77	46.69	52.09	N/A	16.69	31.87	44.38	59.47	66.66
VIRGINIA	10.11	10.08	20.91	33.10	37.66	37.44	13.61	13.57	28.18	46.31	53.73	53.34	N/A	17.03	35.11	58.92	67.19	66.58
UNITED STATES	10.41	10.51	17.93	27.50	40.18	41.86	14.34	14.22	24.72	36.93	54.76	57.86	N/A	18.31	32.29	48.76	72.77	76.37
NORTH CAROLINA RANK (Low to High-9 states listed)	4th lowest	3rd lowest	3rd lowest	3rd lowest	4th lowest	3rd lowest	3rd lowest	3rd lowest	4th lowest	1st lowest	4th lowest	4th lowest	N/A	2nd lowest	3rd lowest	1st lowest	4th lowest	4th lowest
NORTH CAROLINA RANK (Low to High-50 states & DC)	15th lowest	15th lowest	28th lowest	21st lowest	27th lowest	26th lowest	12th lowest	12th lowest	30th lowest	18th lowest	28th lowest	27th lowest	N/A	12th lowest	30th lowest	17th lowest	28th lowest	28th lowest
N.C. Average lower than U.S. Average (Percent)	8.5%	10.5%	9.6%	12.5%	10.7%	11.6%	9.9%	10.3%	8.9%	11.6%	7.3%	9.8%	N/A	11.3%	9.5%	14.2%	10.2%	11.0%

Source: "Typical Electric Bills" for applicable years--U.S. Department of Energy

FIGURE NO. 4-10

ELECTRIC COMPANIES--CLASS A
GENERATION & CAPABILITY DATA
Net Megawatts--Year End

Capability 1985

	Coal	Nuclear	Hydro	Other Fuel And Resources	Total Generating Capability	Firm Purchases	Total	Less Power Agency Portion	Total
CP&L	5,273	2,245	218	1,093	8,829	49	8,878	494	8,384
Duke Power	6,603	6,085	1,452	599	14,739	188	14,927	0	14,927
Nantahala Power	0	0	99	0	99	95	194	0	194
N.C. Power*	6,147	3,330	326	550	10,353	709	11,062	0	11,062
Total	18,023	11,660	2,095	2,242	34,020	1,041	35,061	494	34,567

*Firm purchases includes 165MW of SEPA power disposed of in service area.

Total Capability--Net MW (at time of peak)

	1985		1984		1983		1982	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
CP&L	8,384	8,384	8,384	8,384	8,406	8,406	7,833	7,833
Duke Power	14,927	14,927	13,782	13,782	13,554	13,554	13,377	13,377
Nantahala Power	194	194	163	163	173	173	187	187
N.C. Power	11,062	11,062	11,241	11,241	11,234	11,234	10,754	10,754
Total	34,567	34,567	33,570	33,570	33,367	33,367	32,151	32,151

Peak Load (MW)

	1985		1984		1983		1982	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
CP&L	6,876	7,799	6,869	6,599	6,926	6,290	6,089	6,602
Duke Power	11,204	12,687	11,043	10,863	11,554	10,378	10,097	11,145
Nantahala Power	109	191	104	163	115	144	97	161
N.C. Power	9,819	10,316	8,895	8,592	9,404	8,097	8,490	8,879
Total	28,008	30,993	26,911	26,217	27,999	24,909	24,773	26,787

Reserve % of Load

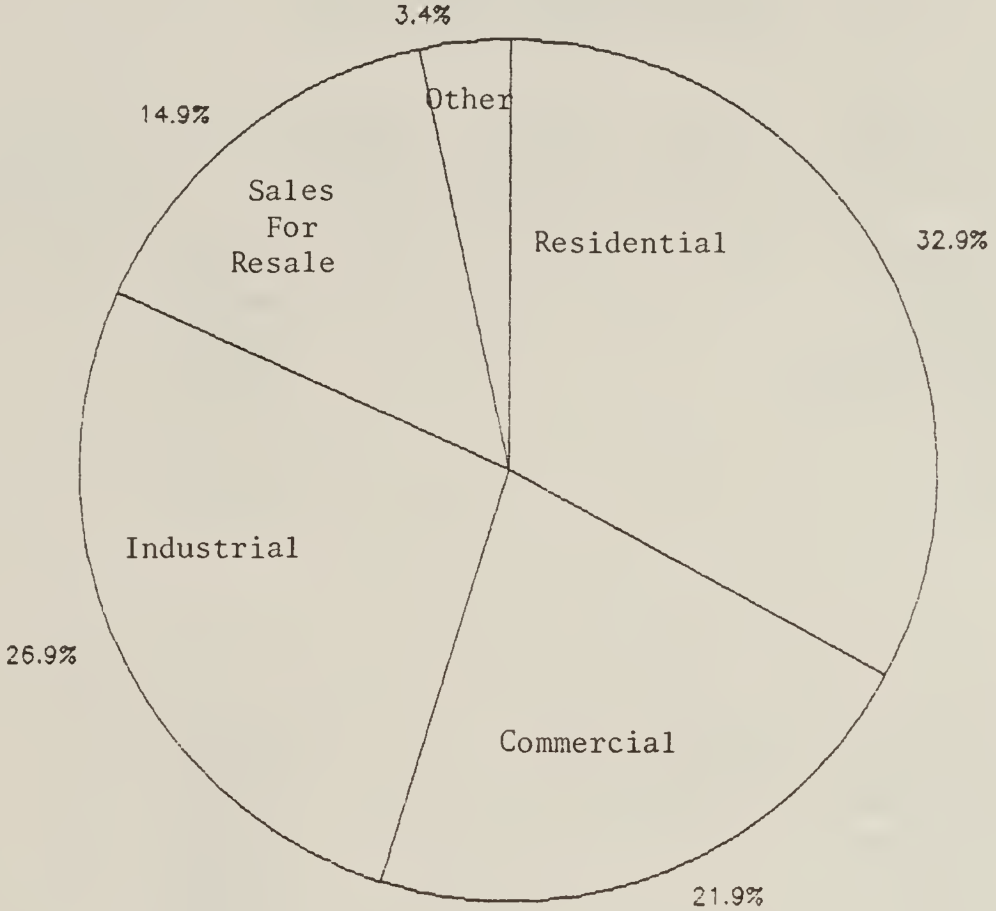
	1985		1984		1983		1982	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
CP&L	21.9	7.5	22.1	27.0	21.4	33.6	28.6	18.6
Duke Power	33.2	17.7	24.8	26.9	17.3	30.6	32.5	20.0
Nantahala Power	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
N.C. Power	12.7	7.2	26.4	30.8	19.5	38.7	26.7	21.1
Total	24.7	11.5	24.7	28.0	19.2	34.0	29.8	20.0

(1) No reserve calculated--Nantahala meets its demand load by buying from TVA the additional energy required above its Hydro generating capability.

FIGURE NO. 4-11

SOURCE AND DISPOSITION OF THE OPERATING REVENUE DOLLAR
ELECTRIC COMPANIES
NORTH CAROLINA CLASS A OPERATIONS ONLY
DECEMBER 31, 1985

SOURCE



DISPOSITION

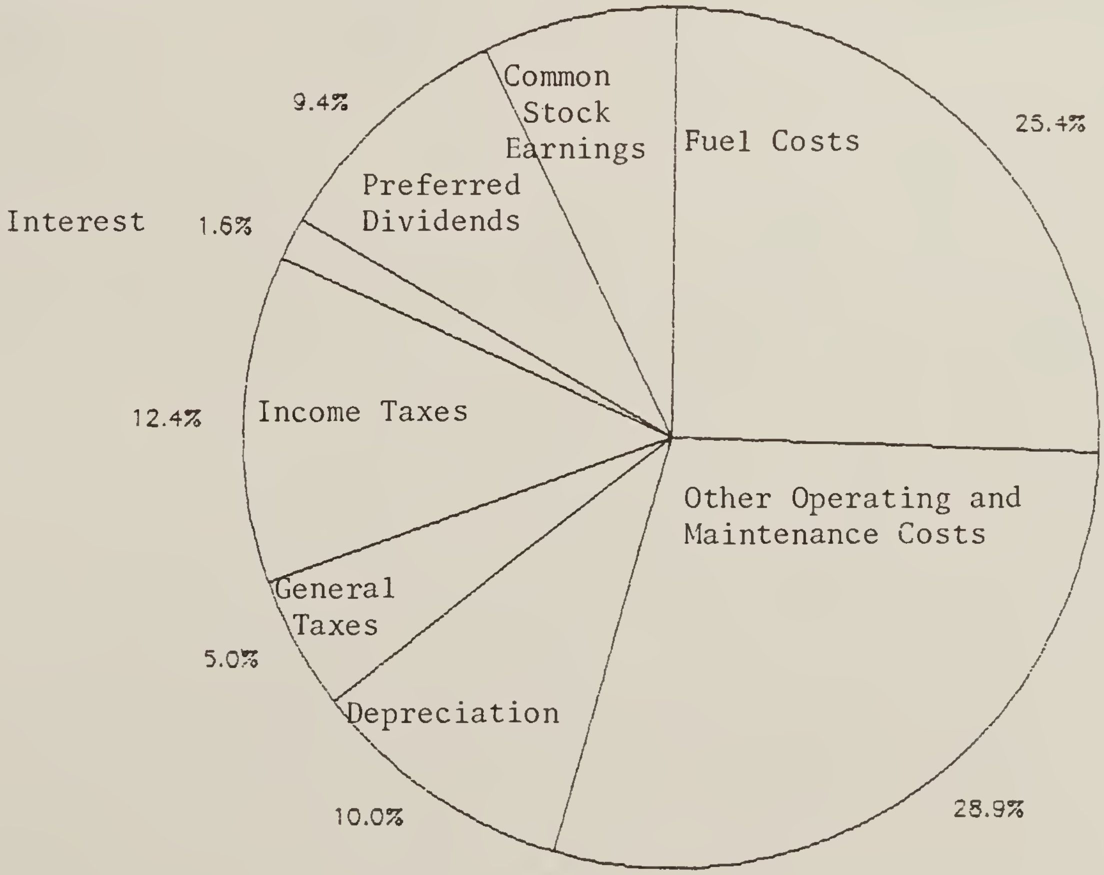


FIGURE NO. 4-12

SOURCE AND DISPOSITION OF THE OPERATING REVENUE DOLLAR

ELECTRIC COMPANIES
North Carolina Class A Operations Only
(Dollars in 000s)

	1985 Revenue	% of Total
Source:		
Residential	$1,267,504	32.9
Commercial	$843,528	21.9
Industrial	$1,038,189	26.9
Sales for Resale	$574,764	14.9
Other	$134,434	3.4
Total	$3,858,419	100.0
Disposition:		
Fuel Cost	$981,583	25.4
Other Operating & Maintenance Costs	$1,114,177	28.9
Depreciation	$386,391	10.0
General Taxes	$192,341	5.0
Income Taxes	$478,228	12.4
Interest	$61,055	1.6
Preferred Dividends	$363,016	9.4
Common Stock Earnings	$281,628	7.3
Total	$3,858,419	100.0

FIGURE NO. 4-13

FUEL COSTS
(Dollars in 000s)

	1980	1981	1982	1983	1984	1985
Fuel Costs	$866,928	$989,366	$977,907	$971,944	$974,549	$981,583
Other Operating & Maintenance Expenses	$507,574	$630,846	$782,624	$803,615	$834,598	$1,114,177
Total Operating & Maintenance Expenses	$1,374,502	$1,620,212	$1,760,531	$1,775,559	$1,809,147	$2,095,760
Fuel Costs as a % of Total Operating & Maintenance Expenses	63.1%	61.1%	55.5%	54.7%	53.9%	46.8%

FIGURE NO. 4-14

ENERGY SALES BY CLASSES
ELECTRIC COMPANIES--CLASS A
(North Carolina Data Only--Kilowatt-Hours in Billions)
For the Years 1965, 1970, 1975, 1980, 1984, 1985

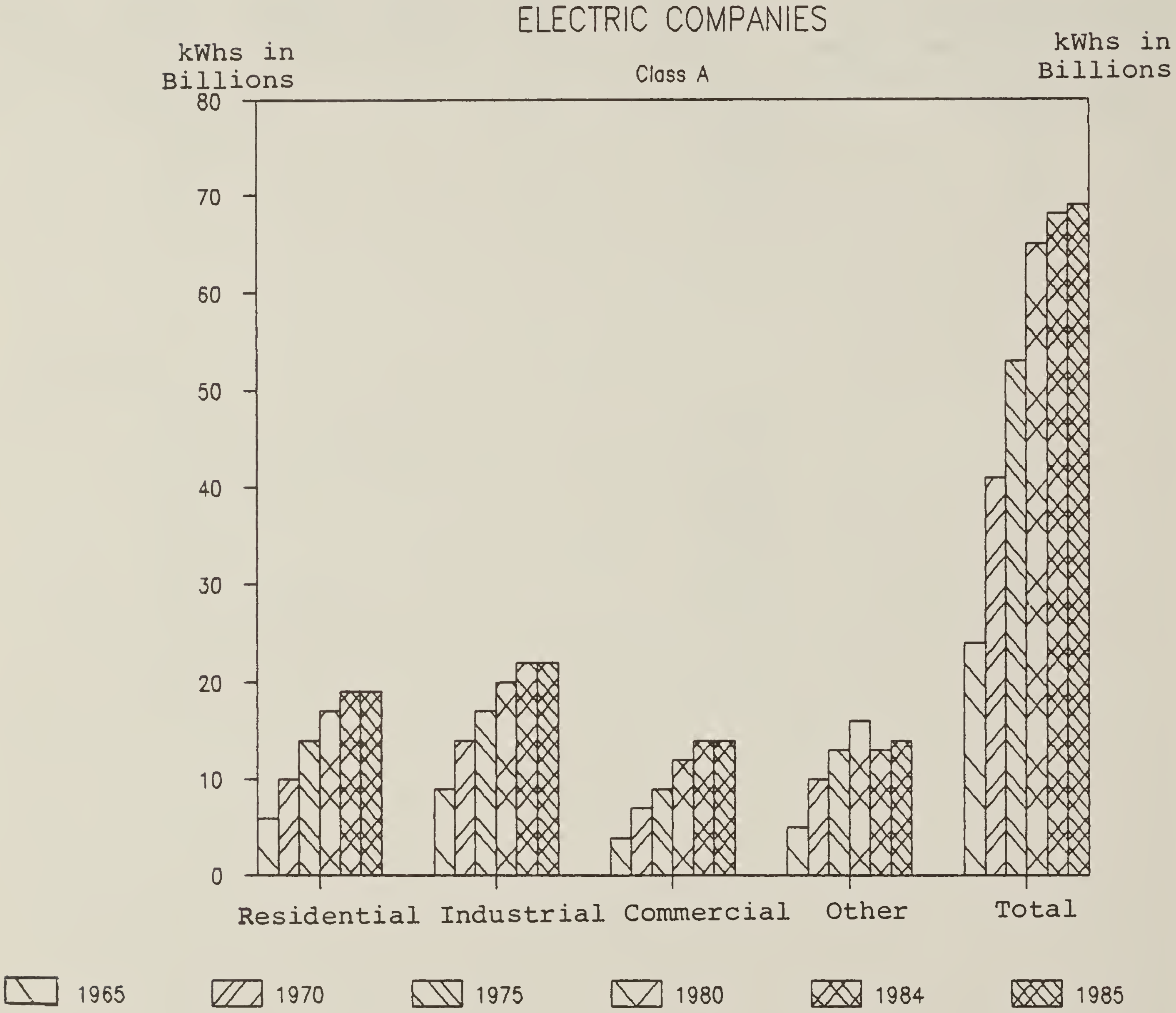


FIGURE NO. 4-15
CLASS A ELECTRIC COMPANIES--NORTH CAROLINA DATA AND SELECTED SYSTEMWIDE DATA
Income Statement, Balance Sheet, and Other Statistical Items
1960, 1965, 1970, 1975, 1980, 1981, 1982, 1983, 1984, 1985
(Dollars in 000s)

Item	1960	1965	1970	1975	1980	1981	1982	1983	1984	1985	% Change More (Less) 1985-1984
No. of Companies Regulated and Included in this Data	4	4	4	4	4	4	4	4	4	4	
Income Items (N. C. Only)											
Residential Sales	$83,380	$112,279	$176,631	$425,940	$754,138	$866,135	$1,103,958	$1,111,129	$1,236,370	$1,267,504	2.5
Commercial Sales	37,704	57,601	95,310	255,494	441,909	523,354	653,251	704,144	792,275	843,528	6.5
Industrial Sales	48,897	71,737	118,277	343,589	583,685	701,237	813,573	901,211	1,016,995	1,038,189	2.1
Sales for Resale	20,792	31,332	63,760	216,148	432,751	504,491	531,645	524,199	503,180	574,764	14.2
All Other Operating Revenue	6,867	12,409	16,379	26,465	53,387	47,517	69,445	78,699	121,594	134,434	10.6
Total Operating Revenue	$197,640	$285,358	$470,357	$1,267,636	$2,265,870	$2,642,734	$3,081,872	$3,319,382	$3,670,414	$3,858,419	5.1
Expense Items (1)											
Power Production Expense	$82,502	$119,869	$271,149	$688,699	$1,374,502	$1,328,087	$1,413,509	$1,403,114	$1,393,642	$1,641,819	17.8
Transmission Expense						24,723	28,572	31,365	34,427	35,058	1.8
Distribution Expense						76,927	93,594	101,421	116,878	121,898	4.3
Customer Accounts Expense						39,861	45,932	50,496	56,553	59,490	5.2
Customer Service & Informational Expense			NOT ALLOCATED (A)			12,113	14,483	19,596	20,501	21,724	6.0
Sales Expense						619	585	668	738	851	15.3
Administrative & General Expense						137,882	163,856	168,897	186,408	214,920	15.3
Depreciation Expense	22,973	32,310	54,666	118,286	181,696	211,208	255,420	290,654	368,861	386,391	4.8
Total Expenses Before Taxes	$105,475	$152,179	$325,815	$806,985	$1,556,198	$1,831,420	$2,015,951	$2,066,211	$2,178,008	$2,482,151	14.0
State Taxes											
Income Tax	$3,052	$4,997	$2,194	$6,281	$15,179	$8,164	$31,049	$1,185	$55,737	$51,130	(8.3)
Gross Receipts Tax	11,592	16,589	26,912	75,007	135,011	157,504	179,204	194,208	212,661	113,854	(46.5)
Property Tax	5,741	8,495	13,460	24,629	35,740	35,748	38,479	42,617	43,186	42,695	(1.1)
Other Operating Taxes	28,148	38,732	17,442	114,083	169,536	1,922	8,559	9,457	12,864	12,457	(3.2)
Total State Taxes	$48,533	$68,813	$60,008	$220,000	$355,466	$203,338	$257,291	$247,467	$324,448	$220,136	(32.2)
Federal Taxes											
Income Tax						$58,891	$52,670	$17,980	$304,517	$218,332	(28.3)
Provision for Deferred Income Tax						145,212	143,805	514,002	274,249	283,810	3.5
Income Tax Deferred in Prior Years						(35,809)	(93,617)	(116,895)	(202,888)	(203,846)	--
Investment Tax Credit			NOT ALLOCATED (A)			8,355	149,953	(16,094)	52,736	128,802	144.2
Payroll, Unemployment, & Other Federal Taxes						21,482	16,129	17,847	19,189	23,341	21.6
Gain from Disposal of Utility Plant						(4)	(42)	(29)	(3)	(6)	--
Total Federal Taxes						$198,127	$268,898	$416,811	$447,800	$450,433	0.6
Total State & Federal Taxes						$401,465	$526,189	$664,278	$772,248	$670,569	(13.2)
Total Operating Expenses	$156,810	$220,991	$385,823	$1,026,985	$1,911,664	$2,232,885	$2,542,140	$2,730,489	$2,950,256	$3,152,720	6.9
Net Operating Income	$40,830	$64,367	$84,534	$240,651	$354,206	$409,849	$539,732	$588,893	$720,158	$705,699	(2.0)

(A) For the years prior to 1980 there was no allocation of these expense items to the North Carolina operations.

FIGURE NO. 4-15 CONTINUED
CLASS A ELECTRIC COMPANIES--NORTH CAROLINA DATA AND SELECTED SYSTEMWIDE DATA
Income Statement, Balance Sheet, and Other Statistical Items
1960, 1965, 1970, 1975, 1980, 1981, 1982, 1983, 1984, 1985
(Dollars in 000s)

	1960	1965	1970	1975	1980	1981	1982	1983	1984	1985	% Change More (Less) 1985-1984
Other Income & Expenses											
Other Income						$75,760	$35,127	$33,518	$139,522	$141,261	1.2
Allowance for Funds Used During Construction						193,209	187,984	182,440	129,399	125,680	(2.9)
Deductions From Income			NOT ALLOCATED (A)			4,895	(26,026)	(9,254)	(14,366)	(7,603)	--
Taxes on Other Income						(2,895)	21,547	30,468	(53,527)	(9,685)	--
Net Other Income & Expense						$266,969	$218,632	$237,172	$201,028	$249,653	24.2
Fixed Charges											
Interest on Funded Debt						$345,264	$353,302	$352,954	$377,787	$388,219	2.8
Other Fixed Charges						39,202	40,382	22,901	12,004	15,006	25.0
AFUDC			NOT ALLOCATED (A)			(111,178)	(111,142)	(88,615)	(71,527)	(67,632)	--
Total Fixed Charges						$273,288	$282,542	$287,240	$318,264	$335,593	5.4
Extraordinary Income						0	$33,813	0	0	0	0.0
Net Income						$403,530	$509,635	$538,825	$602,922	$619,759	2.8
Balance Sheet											
Assets											
Utility Plant						$9,769,818	$10,207,259	$10,379,876	$11,080,084	$11,882,039	7.2
Depreciation Reserve						1,855,196	2,032,779	2,221,147	2,503,476	2,768,960	10.6
Net Plant						$7,914,622	$8,174,480	$8,158,729	$8,576,608	$9,113,079	6.3
Nonutility Property						10,176	10,656	14,213	17,258	17,680	2.4
Other Investments						93,710	108,806	91,338	106,169	366,035	244.8
Cash						6,349	5,709	7,341	17,290	15,828	(8.5)
Temporary Cash Investments						400	4,522	88,663	569,964	141,710	(75.1)
Customer Accounts Receivable						196,308	178,178	208,125	215,874	222,653	3.1
Plant Material & Operating Supplies			NOT ALLOCATED (A)			87,611	92,764	93,884	95,689	111,134	16.1
Prepayments						16,087	17,905	17,352	13,979	22,202	58.8
Other Current & Accrued Assets						230,850	413,930	268,831	306,145	270,404	(11.7)
Unamortized Debt Expense						5,120	6,481	6,024	9,122	8,451	(7.4)
Miscellaneous Deferred Debits						173,823	81,734	291,862	39,144	67,739	73.0
Accumulated Deferred Income Taxes						88,092	194,039	192,846	168,201	146,584	(12.9)
Other Deferred Debits						33,474	263,287	687,102	783,775	698,764	(10.8)
Total Assets						$8,856,622	$9,552,491	$10,126,310	$10,919,218	$11,202,263	2.6
Liabilities & Stockholder's Equity											
Liabilities											
Accounts Payable						$160,741	$170,425	$202,962	$251,284	$233,977	(6.9)
Notes Payable						354,315	184,830	136,807	114,010	4,267	(96.3)
Total Long Term Debt						3,638,663	3,731,925	3,728,152	4,016,141	4,245,665	5.7
Taxes Accrued						82,583	106,408	52,663	105,840	92,243	(12.8)
Miscellaneous Current & Accrued Liabilities			NOT ALLOCATED (A)			22,090	20,707	24,284	34,217	55,862	63.3
Other Current & Accrued Liabilities						161,905	100,686	117,845	151,761	219,442	44.6
Accumulated Deferred Investment Tax Credit						262,771	268,150	326,937	326,651	565,815	73.2
Accumulated Deferred Income Tax						347,198	789,068	1,070,698	1,190,411	1,445,672	21.4

(A) For the years prior to 1980 there was no allocation of these items to the North Carolina operations.

FIGURE NO. 4-15 CONTINUED

CLASS A ELECTRIC COMPANIES--NORTH CAROLINA DATA AND SELECTED SYSTEMWIDE DATA

Income Statement, Balance Sheet, and Other Statistical Items

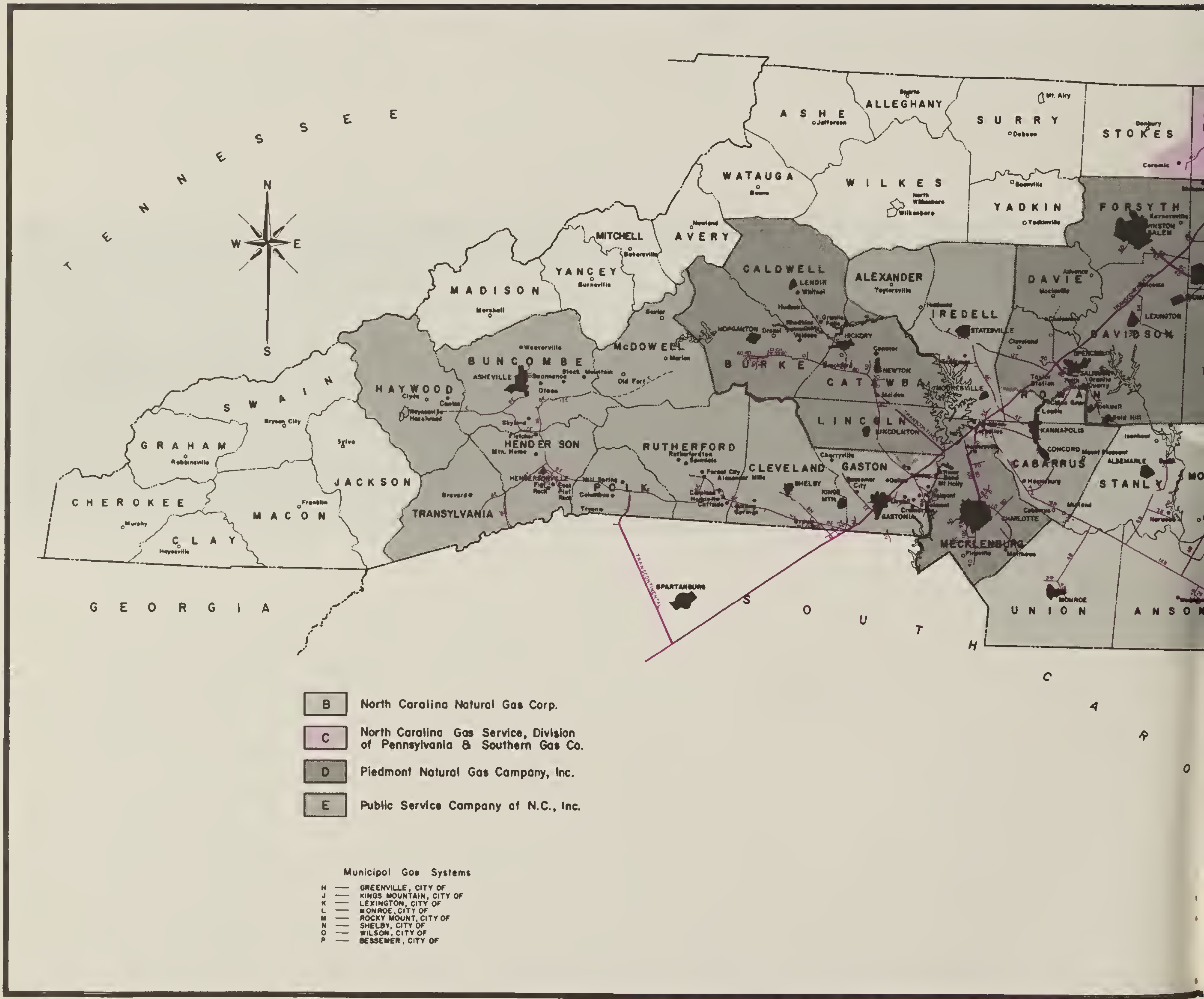
1960, 1965, 1970, 1975, 1980, 1981, 1982, 1983, 1984, 1985

(Dollars in 000s)

	1960	1965	1970	1975	1980	1981	1982	1983	1984	1985	% Change More (Less) 1985-1984
Other Deferred Credits						$19,690	105,724	138,544	$130,701	($576,297)	--
Operating Reserves			NOT ALLOCATED (A)			34,226	5,833	33,892	0	0	--
Total Liabilities						$5,086,163	$5,483,756	$5,832,764	$6,321,016	$6,286,646	0.5
Stockholder's Equity											
Preferred Stock						$973,524	$989,034	$971,657	$1,067,263	$979,858	(8.2)
Common Stock						2,085,888	2,242,103	2,352,754	2,380,809	2,633,479	10.6
Other Paid in Capital						4,352	4,321	4,117	3,543	3,086	(12.9)
Less Discount on Capital Stock						(677)	(633)	(604)	(605)	(605)	0.0
Retained Earnings			NOT ALLOCATED (A)			683,527	802,812	929,110	1,100,088	1,237,825	12.5
Other						25,826	31,098	36,492	47,104	61,974	31.6
Total Stockholder's Equity						$3,772,440	$4,068,735	$4,293,526	$4,598,202	$4,915,617	6.9
Total Liabilities & Stockholder's Equity						$8,858,603	$9,552,491	$10,126,310	$10,919,218	$11,202,263	2.6
Statistical Information (North Carolina Only)											
Systems Sales to Ultimate Consumer (kWh in 000s)			32,023,596	40,916,099	50,495,469	51,348,713	50,531,252	53,253,109	55,259,693	55,893,000	1.1
System Sales for Resale (kWh in 000s)			9,089,804	11,559,681	14,907,807	15,058,069	13,783,413	13,103,471	11,576,118	12,992,000	12.2
Total Sales to Ultimate Customers & For Resale (kWh in 000s)			41,113,400	52,475,780	65,403,276	66,406,782	64,314,665	66,356,580	66,935,811	68,885,000	2.9
Total Customers--Yearly Average	938,705	1,065,650	1,243,389	1,454,445	1,667,661	1,702,957	1,735,912	1,779,104	1,830,497	1,893,012	3.4
Average Numbers kWhs Used per Residential Customer	5,204	6,697	9,695	11,002	12,272	12,013	11,652	11,873	11,834	11,364	(4.0)
Average revenue per kWh--Residential customer (cents per kWh)	1.96	1.82	1.70	3.09	4.29	4.92	5.82	6.11	6.64	6.86	3.3
Number of Employees Residing in N. C.	7,454	7,875	9,414	14,022	18,534	19,333	20,484	20,765	21,017	21,798	3.7
Wages & Salaries Paid N. C. Employees	$39,146	$49,359	$80,612	$177,550	$353,390	$414,835	$490,832	$540,935	$586,984	$647,158	10.3
SYSTEMWIDE DATA											
Systemwide Data											
Operating Revenues	$397,459	$571,082	$949,248	$2,568,719	$4,825,864	$5,440,236	$6,062,261	$6,577,792	$7,207,305	$7,588,371	5.3
Operating Expenses	309,888	432,958	751,909	2,032,596	3,987,765	4,456,978	4,919,723	6,315,584	5,745,148	6,126,226	6.6
Net Operating Income	87,571	138,124	197,339	536,123	838,099	983,258	1,142,538	1,262,208	1,462,157	1,462,145	(.001)
Net Other Income (Expense)	17,505	37,371	49,148	150,636	123,030	(204,579)	(237,359)	(269,407)	(360,184)	(322,172)	--
Net Income	$70,066	100,753	148,191	385,487	715,069	778,679	905,179	992,801	1,101,973	1,139,973	3.4
Preferred Dividends			24,286	95,798	150,315	159,126	163,765	163,964	161,463	161,494	.02
Net Income for Common Shareholders			$123,905	$298,689	$564,754	$619,553	$741,414	$828,837	$940,510	$978,479	4.0
Statistical Information (Systemwide)											
Long Term Debt	$737,334	$1,023,461	$2,168,664	$4,819,049	$7,403,022	$7,687,788	$7,800,548	$7,724,033	$8,290,281	$8,741,147	5.4
Total Capitalization	$1,476,166	$2,005,861	$3,941,246	$9,094,143	$14,333,818	$15,005,395	$15,763,432	$16,091,257	$17,240,931	$18,265,890	5.9
Long Term Debt % of Total Capitalization	49.9	51.1	55.0	52.9	51.6	51.2	49.5	48.0	48.1	47.9	(.4)
Shares of Common Stock Outstanding--Year End (000s)	55,246	57,732	76,521	153,728	237,495	249,428	274,340	285,906	291,787	310,514	6.4
Average Earnings Per Share--Shares at Year End (After Preferred Stock Dividends)	$1.17	$1.67	$1.62	$1.88	$2.38	$2.48	$2.70	$2.90	$3.22	$3.15	(2.2)

(A) For the years prior to 1980 there was no allocation of these items to the North Carolina operations.

V. The Natural Gas Industry


TENNESSEE
GEORGIA
SOUTH CAROLINA
N
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ALLEGHANY
SURRY
STOKES
WATAUGA
WILKES
YADKIN
FORSYTH
MITCHELL
AVERY
CALDWELL
ALEXANDER
DAVIE
YANCEY
MADISON
IREDELL
DAVIDSON
McDOWELL
BURKE
CATAWBA
ROWAN
BUNCOMBE
HAYWOOD
SWAIN
GRAHAM
CHEROKEE
CLAY
MACON
JACKSON
TRANSYLVANIA
HENDERSON
POLK
RUTHERFORD
CLEVELAND
LINCOLN
GASTON
CABARRUS
STANLY
MECKLENBURG
UNION
ANSON
ASHEVILLE
HICKORY
STATESVILLE
MOORESVILLE
KANNAPOLIS
CONCORD
CHARLOTTE
GASTONIA
SHELBY
KINGS MTN.
MONROE
LENOIR
MORGANTON
NEWTON
LINCOLNTON
HENDERSONVILLE
SPARTANBURG
TRANSCONTINENTAL
B North Carolina Natural Gas Corp.
C North Carolina Gas Service, Division of Pennsylvania & Southern Gas Co.
D Piedmont Natural Gas Company, Inc.
E Public Service Company of N.C., Inc.
Municipal Gas Systems
H — GREENVILLE, CITY OF
J — KINGS MOUNTAIN, CITY OF
K — LEXINGTON, CITY OF
L — MONROE, CITY OF
M — ROCKY MOUNT, CITY OF
N — SHELBY, CITY OF
O — WILSON, CITY OF
P — BESSEMER, CITY OF

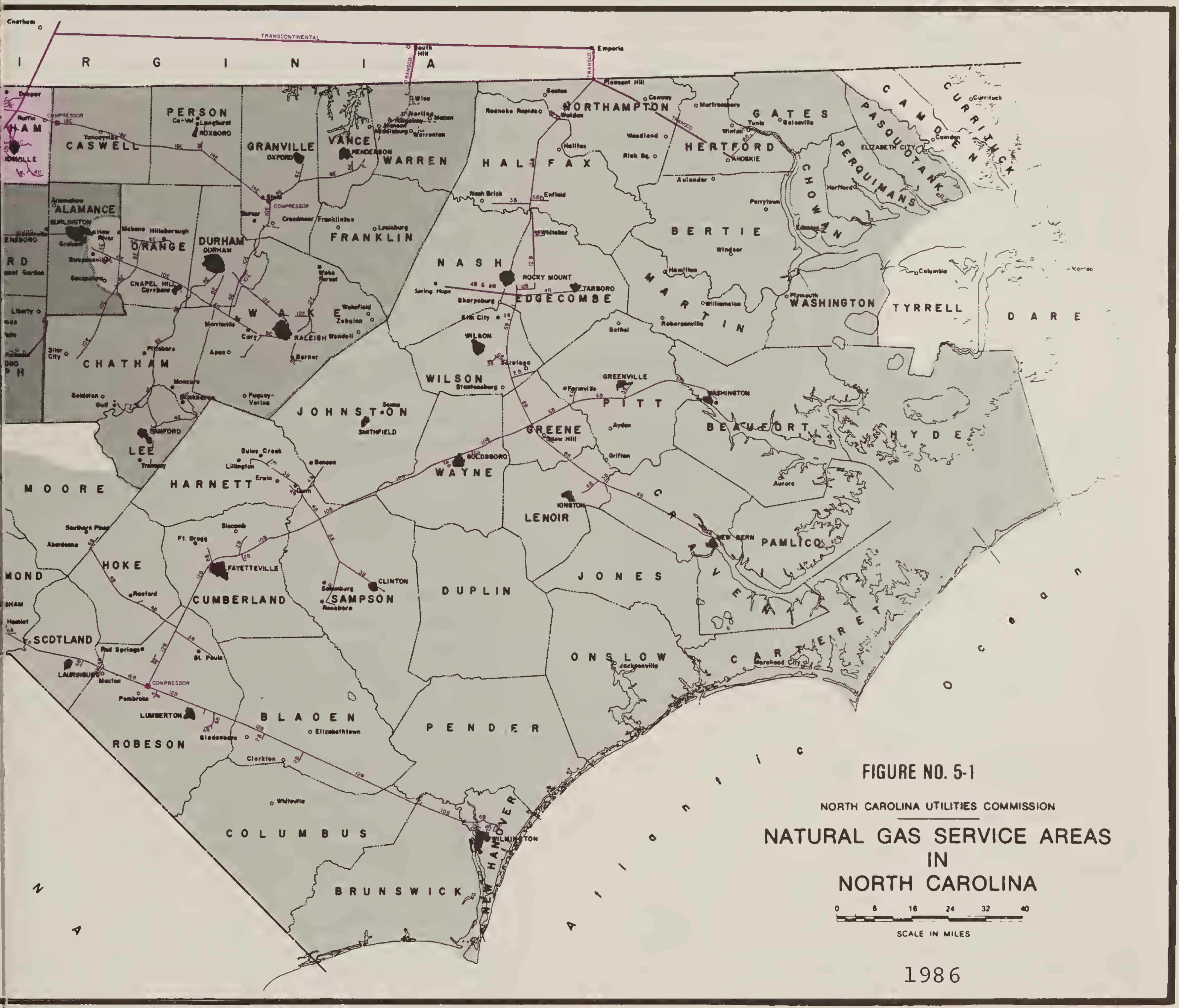


FIGURE NO. 5-1

NORTH CAROLINA UTILITIES COMMISSION

NATURAL GAS SERVICE AREAS
IN
NORTH CAROLINA

1986

FIGURE NO. 5-2

NORTH CAROLINA GAS COMPANIES

North Carolina Natural Gas Corp.
150 Rowan Street
Fayetteville, North Carolina 28032
Mr. Frank Barragan, Jr., President

North Carolina Gas Service, Division of Pennsylvania & Southern Gas Co.
P. O. Box 779
Reidsville, North Carolina 27320
Mr. E.L. Lohmann, President and Chief Executive Officer

Piedmont Natural Gas Co.,Inc.
P. O. Box 33068
Charlotte, North Carolina 28233
Mr. John Maxheim, Chairman of the Board, President, and Chief Executive Officer

Public Service Co. of N.C., Inc.
P. O. Box 1398
Gastonia, North Carolina 28053
Mr. C.E. Zeigler, Chairman and President

FIGURE NO. 5-3

N.C. MUNICIPAL GAS SYSTEMS

Bessemer City, City of
132 West Virginia Ave.
Bessemer City, N.C. 28016
Mr. Charles W. Boyd
Gas Superintendant

Greenville Utilities Commission
P. O. Box 1847
Greenville, N.C. 27834
Mr. Jasper Donald Hudson
Deputy Finance Director

Kings Mountain, City of
P. O. Box 429
Kings Mountain, N.C. 28086
Ms. Judy H. Harmon
Assistant City Clerk

Lexington, City of
28th West Center Street
Lexington, N.C. 27290
Mr. J.A. Yarbrough
Director of Finance

Monroe, City of
P. O. Box 69
Monroe, N.C. 28110
Mr. J.E. Hinkle
City Manager

Rocky Mount, City of
P. O. Drawer 1180
Rocky Mount, N.C. 27801
Mr. James D. Martin
Director of Utilities

Shelby, City of
P. O. Box 207
Shelby, N.C. 28150
Mr. Michael L. Haggard
Gas Superintendant

Wilson, City of
P. O. Box 10
Wilson, N.C. 27893
Mr. H. Gerald Pittman
Accounting Manager

THE NATURAL GAS INDUSTRY

A. A BRIEF HISTORY OF THE NATURAL GAS INDUSTRY

During 1985 four Class A natural gas utility companies were under the regulation of the North Carolina Utilities Commission: North Carolina Natural Gas Corporation; North Carolina Gas Service--A Division of Pennsylvania and Southern Gas Company, Inc.; Piedmont Natural Gas Company, Inc.; and Public Service Company of North Carolina. Class A utilities have annual gross operating revenues of $2,500,000 or more. Figure No. 5-1 is a map illustration of the natural gas service areas in North Carolina. Figure No. 5-2 is a list of the companies and their chief officers, and Figure No. 5-3 is a list of the North Carolina Municipal Gas systems.

North Carolina Natural Gas (NCNG) is a public utility which provides natural gas service through 2,900 miles of transmission and distribution systems to over 95,000 customers in eastern North Carolina. The North Carolina Utilities Commission regulates the Company's rates, service area, service quality, safety standards, acquisitions, extensions and abandonments of facilities, and accounting and issuance of securities. NCNG also has a non-utility division which serves propane gas to more than 5,000 customers and which sells gas appliances and home insulation services. NCNG serves natural gas to residential, commercial, and industrial customers in 55 towns and cities and to four municipal gas distribution systems. NCNG also serves natural gas to the agricultural community in its service area for use in the drying of farm products.

North Carolina Gas Service is a division of Pennsylvania and Southern Gas Company (Penn. & Southern). Penn. & Southern operates five divisions in four states. The states include New York, North Carolina, Pennsylvania, and Maryland. The North Carolina Gas Service division is located in Rockingham and Stokes Counties. It serves both natural gas and L.P. gas in an area with a population approximately 83,000. The operating headquarters of Penn. & Southern is centrally located in Reidsville. Its natural gas requirements are purchased from Transcontinental Gas Pipeline Corporation, with the exception of a small amount received from Rockingham Exploration Company. Penn. & Southern's customers number about 10,200 including thirty eight industrials of various sizes.

Piedmont Natural Gas Company is a diversified energy and services company primarily engaged in the purchase, distribution, and sale of natural gas to more than 310,000 residential, commercial, and industrial customers in 65 communities in North Carolina, South Carolina, and Tennessee. Piedmont and its subsidiaries are engaged in oil and gas exploration and development, and in the sale of propane (LP gas) and associated products, residential and commercial appliances, solar energy systems, commercial and industrial coal and fuel oil, and conservation products and services. Piedmont utility operations are subject to regulation by the North Carolina Utilities Commission and the Tennessee Public Service Commission as to the issuance of securities, and by those Commissions and by the Public Service Commission of South Carolina as to rates, service area, adequacy of service, allocation of gas, safety standards, extensions and abandonment of facilities, and accounting and depreciation methods.

Public Service Company of North Carolina is a natural gas utility that serves more than 178,000 customers in 81 communities in North Carolina. The company is regulated by the North Carolina Utilities Commission in the same way the other gas companies are regulated. Public Service has one wholly-owned subsidiary, PSNC Natural Resources Corporation, which is engaged in on-shore exploration and production of natural gas and petroleum products.

The North Carolina natural gas companies are primarily distribution companies purchasing their gas for resale mainly from Transcontinental Gas Pipeline Corporation (Transco). Transco is the only interstate gas pipeline operating within the State. Transco purchases natural gas from producers in Texas and Louisiana and transports it to North Carolina where it is resold to the distributing companies. The selling rates are prescribed by the Federal Energy Regulatory Commission on the basis of three rate zones based on distance from the point of production. North Carolina is in zone 2 which is bound by the Georgia-South Carolina state line on the south and the Virginia-Maryland state line on the north. The gas supplies available to North Carolina's companies are primarily based on the amount of gas Transco has available.

B. PLANT INVESTMENT AND EXPANSION

The four major gas companies serve North Carolina cities and towns which have a combined population in excess of 5,400,000. The natural gas companies continued limited expansion of services by investing more than $53 million in plant facilities for the 1985 calendar year. In 1984, gas companies invested $43 million. At December 31, 1985, their combined total gross investment for the State was $585,155,000. This represents an increase of 10.1% from the preceding year. Figure No. 5-4 gives the gross plant investment for the natural gas companies for the period 1963-1985.

C. GROWTH TRENDS--CUSTOMERS, REVENUES, VOLUME

In 1985, the annual average number of natural gas utility customers increased 3.7% from the previous year. Figure No. 5-5 shows the customers by classification for the years 1963-1985. Figure No. 5-6 shows the customer growth for the years 1965, 1970, 1975, 1980, 1984, and 1985 by major customer classification.

Figure No. 5-7 shows the sale pattern of natural gas to ultimate type of customers in million dekatherms by the North Carolina regulated natural gas companies for the years 1965, 1970, 1975, 1980, 1984, and 1985 by major customer classification.

Figure No. 5-8 shows the summary of natural gas sales of mcfs and dekatherms, revenues, and customers by classification for the years 1965, 1970, 1975, 1980, 1984, and 1985.

In 1985, industrial sales totaled almost 60 million dekatherms. This reflects a 12.4% decrease from the 1984 sales. Total industrial sales of dekatherms accounted for 51.3% of total natural gas sales in North Carolina by the regulated natural gas companies.

Figure No. 5-9 shows total customer growth, total revenues from the sales of gas, and total mcfs and dekatherms of gas sold by the regulated companies and the municipal gas systems for the years 1965, 1970, 1975, 1980, 1984, and 1985.

The municipals experienced a decrease in the number of customers equal to 5.1% in 1985, while the regulated gas utilities grew at a 3.7% rate. Revenues from the sales of gas in 1985 decreased at a rate of 14.3% for the regulated gas companies and 12.9% for the municipals. The quantity of gas sold in terms of dekatherms in 1985 decreased 10.3% for the regulated companies and 9.9% for the municipals.

D. COMPARISONS OF RESIDENTIAL BILLS, USAGE, AND COST PER Mcf OR DEKATHERM

Some average annual usages and cost data for the North Carolina natural gas companies and seven natural gas companies located in various sections of the United States are shown in Figure No. 5-10. The weighted average rate per dekatherm of the North Carolina customers is somewhat higher than the national average. This higher rate per dekatherm is partly due to the fact that the North Carolina distribution companies have only one major transmission pipeline as a supplier.

E. GAS TRACKINGS—PASS ONS—SPECIAL SITUATIONS, AND GENERAL RATE CASES

Wholesale Price Changes: Pursuant to authority granted to the Utilities Commission in G.S. 62-133 by the 1971 General Assembly, the Commission, in Docket No. G-100, Sub 14, established procedures under which gas companies in North Carolina could pass on to their customers wholesale increases in the cost of gas to them by their pipeline suppliers. This tracking authority has reduced the amount and number of general rate cases filed with the Commission during the years since 1972. It has also reduced the lag time the companies would have experienced in recouping the increased gas costs which have a direct impact on the companies' level of earnings. The gas tracking changes approved by the Commission for the calendar year 1985 are found in Figure No. 5-11.

Special Situations: These gas trackings can be both increases and decreases in the cost of wholesale gas from Transco. The distributing companies maintain a "deferred" account in which the changes in cost of gas from the filed tariff rate are accounted for, and at an appropriate time applications to recover or refund the net effect are made with the Commission.

The tracking proceedings under which these pass ons are allowed involves filing of data by gas utilities essentially in the same format as filing for general rate proceedings. This data is reviewed and analyzed by both the Commission and Public Staff's Engineering and Accounting Divisions.

Gas Supply Volume Trackings: Since 1976 the Commission has granted approval for all the gas utilities to file curtailment tracking mechanisms such that the gas utilities' margin (difference in revenues and cost of gas plus gross receipts tax) was fixed in the general rate case. These mechamisms protected the gas utility from fluctuating changes in supply volumes. As the available supply of natural gas increased, the margins increased on sales to customers and permitted the customers' rates to be reduced while the companies' margin remained fixed. As volumes decreased the gas utility simply raised all customers' rates such that the margin remained constant. The mechanisms as described allowed interim adjustments to rates so the gas utility did not have to file constant general rate cases to take care of the volatile fluctuations in its supply of gas and resultant changes in margins. In 1983, the CTA's were replaced by the Industrial Sales Tracker (IST).

Industrial Sales Tracker (IST): The Industrial Sales Tracker implemented for Public Service Company and North Caroina Natural Gas are modified curtailment tracking mechanisms. These mechanisms collect revenues from those industrial customers who have heavy fuel oil as an alternate fuel, and refund it to the high priority market. This mechanism was proposed by the Public Staff so the gas utilities could negotiate the sale of industrial natural gas and benefit all other customers. As industrial sales increase, the rates to all other customers is lowered, and by the same token, if individual natural gas sales decrease, the rate to all other customers will increase. This mechanism was begun in 1983 for the two gas utilities as mentioned earlier and was discontinued for Public Service Company in 1986.

Decreases in the amount of available gas result in an increased IST rate while increases result in a decreased IST rate. Changes in the available gas from the base year volumes due to fluctuations in gas supply and sales volume will inversely affect the IST base year volumes. Then the IST rate will be adjusted accordingly.

Exploration and Development Trackings (E&D): On June 26, 1975, the Commission established natural gas exploration rules (Docket No. G-100, Sub 22), which approved exploration and development programs. These programs would be financed by customer and stockholder in the ratio of 75% to 25%, respectively. Initially every six months the distributors determined a dekatherm rate to be billed to their customers to recover their share of the allowable exploration and development costs. Successful discoveries are sold, and the proceeds used to reduce exploration costs or the new gas is put into Transco's supply of gas to North Carolina distributors.

In September 1980, the N.C. Utilities Commission terminated the ratepayers participation in the E & D programs, except for development costs. Supplies of natural gas had begun to increase thereby eliminating the necessity of further participation in the program. The net effect of the termination of the programs is that the expenditures decrease, and the value of recoveries increase, thus providing refunds to customers. The program currently is providing refunds to those customers who were being served as of September 1980, thereby assuring that only those customers who participated in the costs would also participate in the increased value of the recoveries. Refunds to customers participating in the E & D programs are determined on the same percentage basis as their share of the costs were tabulated. These refunds will continue as long as net revenues are being received from the sale of gas produced. Capital expenditures from exploration ventures through September 1985 were $87,652,968. The total net equivalent Mcf production is 28,812,445. Therefore, the finding cost per Mcf is $3.04. Figure No. 5-12 illustrates the 1985 refunds and cumulative dollars paid to fund the E & D programs.

General Rate Cases: There were two general rate increase cases filed by the regulated gas companies and approved by the North Carolina Utilities Commission during 1985. The total amount approved by the Commission was $15,029,000, or 76.1% of the amount requested. See Figure No. 5-13.

F. NATURAL GAS PIPELINE SAFETY

History and Overview: On August 12, 1968, the United States Congress passed Public Law 90-481, better known as the Natural Gas Pipeline Safety Act of 1968. This Act authorized the Secretary of Transportation to administer this law, develop standards, and regulate enforcement of such standards for the design, installation, inspection, testing, construction, extension, operation, replacement, and maintenance of pipeline facilities. Section 5a of this Act authorized each state to regulate these minimum standards through certification by the Secretary of Transportation providing certain provisions were met.

Section 62-50 (Safety Standards of Interstate and Intrastate Natural Gas Pipelines) was enacted as Chapter 1134 of the 1967 Session Laws and became effective January 1, 1968. In the 1969 Legislature an amendment was added to Section 62-50 of the General Statutes which authorized the North Carolina Utilities Commission to administer a state program pertaining to the design, installation, inspection, testing, construction, extension, operation, replacement, and maintenance of pipeline facilities used to transport natural gas in North Carolina.

The procedures and standards adopted by the North Carolina Utilities Commission as authorized under Section 62-50 is known as the North Carolina Gas Pipeline Safety Code. This code is a mandatory requirement under State law and noncompliance by any persons engaged in the transportation of gas or who own or operate pipeline facilities is subject to a civil penalty not to exceed $1,000 per each violation for each day that such violation persists, except that the maximum civil penalty shall not exceed $200,000 for any related series of violations. The law also provides authority for the Commission to file suit to restrain violations of the Code, including the restraint of transportation of gas for the operations of the pipeline facilities.

The North Carolina Gas Pipeline Safety Code is comprised of three basic sections: Part 191 (Report of Leaks), Part 192 (Minimum Federal Safety Standards), and Part 193 (Liquified Natural Gas Facilities). In order to comply with the certification of the Secretary of Transportation, the Commission must adopt as part of its Code all Minimum Federal Safety Standards.

There are four major gas utilities in North Carolina, along with eight municipal gas systems. In addition the 1979 session of the North Carolina General Assembly gave the Utilities Commission jurisdiction over master meter operations. This added 168 distribution systems to the already existing 175, bringing the total to 343 systems which must be inspected for compliance with the North Carolina Gas Pipeline Safety Code. Connecting and within these systems are 1,599 miles of transmission mains and 10,795 miles of distribution mains serving more than 400,000 customers in North Carolina.

Enforcement Activity: During 1985 the Gas Pipeline Safety Section of the Commission Staff spent 358 man days inspecting the pipeline facilities in North Carolina. Of the 67 inspection units inspected, 107 major violations of the "Minimum Federal Safety Standards" were detected. By the end of the year, 78 of the violations had been corrected and the remaining 29 were being worked on. The Staff conducted two seminars for the Housing Authority operators in 1985. The cost of conducting the pipeline safety program was $163,338 of which $107,221 was refunded to the State from the Department of Transportation.

G. SOURCE AND DISPOSITION OF THE GAS REVENUE DOLLAR

Shown in Figure No. 5-14 is a comparison chart reflecting both the source and disposition of the gas revenue dollar for the years 1980 through 1985. In Figure No. 5-15 this same information is illustrated in pie charts for both the source and disposition of the gas revenue dollar for 1985.

H. STATISTICAL SUMMARY DATA

The total gross operating revenues for the Class A natural gas companies were more than $636 million in 1985. This reflects a 13.4% decrease from the previous year. Similarly, operating expenses including taxes decreased 13.4% in 1985, and net operating income decreased 13.9%.

Interest on long-term debt increased 23.9%, however, earnings per share outstanding decreased from $2.77 in 1984 to $2.11 in 1985. The average number of common stock shares outstanding increased by 2.5% to 9,303,402 shares at the end of 1985. The average number of full-time employees in 1985 totaled 2,404, an increase of 99 persons. The total wages paid these employees equaled $53,141,000, a 9.0% increase from the previous year. See Figure No. 5-16 for additional financial and operating statistical data.

FIGURE NO. 5-4

NATURAL GAS COMPANIES--CLASS A
GROSS PLANT INVESTMENTS--YEAR-END DATA ($000s)
1963-1985

	N.C. Natural Gas Co.	Penn & Southern Gas Co.	Piedmont Natural Gas Co.	Public Service Co. of N.C.	United Cities Gas Co.	Totals	% Increase Over Prior Year
1963	$29,325	$2,338	$45,175	$37,293	$672	$114,803	
1964	30,237	2,505	49,765	42,591	694	$125,792	9.6
1965	31,136	2,730	55,621	48,008	705	$138,200	9.9
1966	32,272	3,059	59,880	54,382	763	$150,356	8.8
1967	34,353	3,360	65,384	61,963	922	$165,982	10.4
1968	40,463	3,655	72,417	68,359	919	$185,813	11.9
1969	44,597	3,876	79,287	74,799	1,001	$203,560	9.6
1970	47,676	4,064	86,347	80,825	1,386	$220,298	8.2
1971	51,691	4,366	89,675	86,047	1,623	$233,402	5.9
1972	54,416	4,581	99,864	90,964	1,868	$251,693	7.8
1973	56,571	4,792	107,031	95,663	2,070	$266,127	5.7
1974	58,162	4,858	110,179	100,982	2,275	$276,456	3.9
1975	59,981	5,304	111,973	111,602	2,402	$291,262	5.4
1976	62,363	5,451	113,970	118,924	2,606	$303,314	4.1
1977	64,355	5,440	117,842	123,821	2,744	$314,202	3.6
1978	66,859	5,595	125,140	129,207	3,010	$329,811	5.0
1979	70,393	5,826	132,120	137,009	3,211	$348,559	5.7
1980	76,058	6,284	147,546	151,932	3,942	$385,762	10.7
1981	82,091	6,406	160,032	165,475	4,350	$418,354	8.4
1982	87,482	6,660	174,280	184,661	--	$453,083	8.3
1983	92,729	6,834	189,714	199,101	--	$488,378	7.8
1984	98,956	7,061	206,014	219,625	--	$531,656	8.9
1985	113,096	7,439	224,957	239,663	--	$585,155	10.1
Percent Increase (Decrease)							
1985 over 1984	14.3	5.4	9.2	9.1		10.1	

FIGURE NO. 5-5

CUSTOMERS BY CLASSIFICATION (YEARLY AVERAGE)
(N.C. Data Only)
1963-1985

			Industrial (a)			Other (b)		% Increase Over
	Residential	Commercial	Firm	Interruptible	Total	Classes	Totals	Prior Year
1963	125,435	17,470			1,661	13,387	157,953	
1964	134,097	18,903			1,802	13,276	168,078	6.4
1965	145,080	20,613			1,860	17,834	185,387	10.3
1966	156,836	22,363			1,984	16,187	197,370	6.5
1967	169,127	24,241			2,107	15,639	211,114	7.0
1968	182,622	26,250			2,018	17,193	228,083	8.0
1969	196,570	28,918			2,625	18,580	246,693	8.2
1970	208,712	30,572			2,789	20,213	262,286	6.3
1971	220,941	31,834	1,451	857	2,308	20,435	275,518	5.0
1972	233,746	32,409	1,429	907	2,336	21,083	289,574	5.1
1973	242,405	33,245	1,339	879	2,218	21,645	299,513	3.4
1974	251,611	34,239	1,011	872	1,883	21,820	309,553	3.4
1975	255,339	35,141	1,037	825	1,862	22,221	314,563	1.6
1976	259,355	35,435	1,096	656	1,752	22,561	319,103	0.6
1977	267,629	35,141	1,312	550	1,862	17,007	321,639	0.8
1978	276,273	35,559	1,543	276	1,819	14,444	328,095	2.0
1979	280,289	36,162	1,561	248	1,809	14,794	333,054	1.5
1980	294,343	37,904	1,617	294	1,911	15,140	349,298	4.9
1981	304,072	39,108	1,709	283	1,992	14,979	360,151	3.1
1982	314,108	40,624	1,760	266	2,026	14,962	371,720	3.2
1983	324,569	42,364	1,863	263	2,126	15,095	384,154	3.3
1984	335,249	44,147	1,848	256	2,104	15,532	397,032	3.4
1985	348,331	45,770	2,270	265	2,535	15,222	411,858	3.7

(a) Division of industrial customers between firm and interruptible not reported for the years 1963-1970.

(b) Includes public housing units rather than meters.

Percent Increase (Decrease)
1985 over

1984	3.9	3.7	22.8	3.5	20.5	(2.0)	3.7

FIGURE NO. 5-6

GAS COMPANIES--CUSTOMER GROWTH BY CLASSES
(North Carolina Data Only--Annual Average Shown)
1965, 1970, 1975, 1980, 1984, 1985

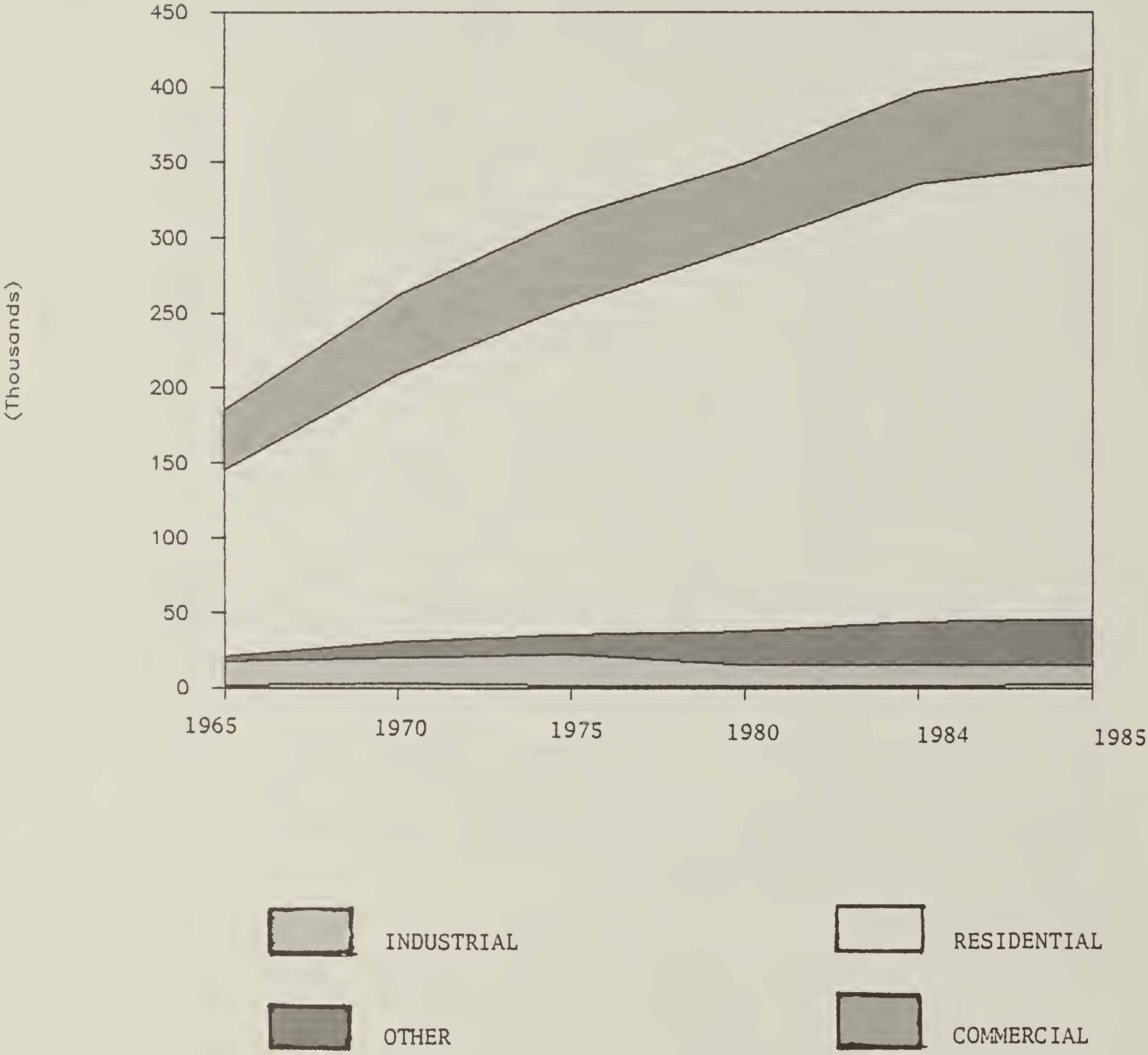


FIGURE NO. 5-7

GAS COMPANY ENERGY SALES BY CLASSES TO ULTIMATE CONSUMERS
(Millions of Dekatherms-North Carolina Data Only)
1965, 1970, 1975, 1980, 1984, 1985

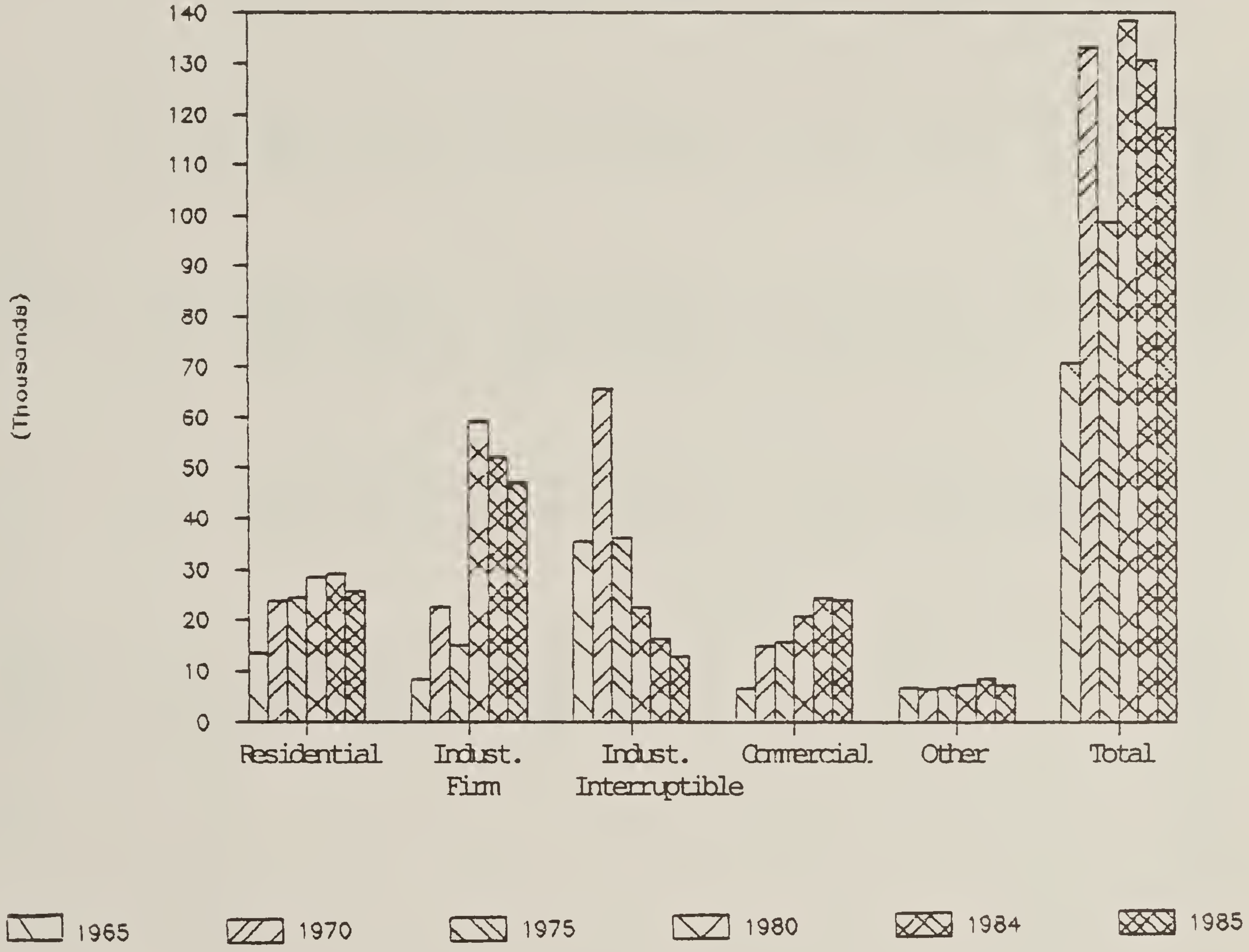


FIGURE NO. 5-8
Summary of Natural Gas Sales of Mcfs (1965-1975) and Dekatherms (1980-1985)
Revenues and Customers by Classification with Percent of Totals Shown
Calendar Years 1965, 1970, 1975, 1980, 1984, 1985

Sales--Mcfs and DTs (000s)	1965	% of Total	1970	% of Total	1975	% of Total
Residential	13,487	19.1	23,687	17.8	24,458	24.8
Commercial	6,539	9.3	14,889	11.2	15,867	16.1
Industrial	43,744	62.0	88,124	66.2	51,456	52.2
Other	6,769	9.6	6,344	4.8	6,768	6.9
Total Sales	70,539	100.0	133,044	100.0	98,549	100.0
Revenues: ($000s)						
Residential	$17,664	33.7	$31,217	31.7	$49,823	31.4
Commercial	9,194	17.5	16,295	16.5	28,308	17.8
Industrial	22,015	42.0	44,720	45.4	71,601	45.1
Other	3,564	6.8	6,255	6.4	9,028	5.7
Total Revenues	$52,437	100.0	$98,487	100.0	$158,760	100.0
Customers: (Annual Average)						
Residential	145,080	78.3	208,712	79.6	255,339	81.2
Commercial	20,613	11.1	30,572	11.7	35,141	11.2
Industrial	1,860	1.0	2,789	1.0	1,862	0.6
Other	17,834	9.6	20,213	7.7	22,221	7.0
Total Customers	185,387	100.0	262,286	100.0	314,563	100.0

Percent Change in Sales of Gas (Mcfs and Dekatherms)

Sales:	1970/1965	1975/1970
Residential	75.6	3.3
Commercial	127.7	6.6
Industrial	101.4	(41.6)
Other	(6.3)	6.7
Total Sales	88.6	(26.0)

FIGURE NO. 5-8 CONTINUED

Summary of Natural Gas Sales of Mcfs (1965-1975) and Dekatherms (1980-1985)
Revenues and Customers by Classification with Percent of Totals Shown
Calendar Years 1965, 1970, 1975, 1980, 1984, 1985

Sales--Mcfs and DTs (000s)	1980	% of Total	1984	% of Total	1985	% of Total
	28,563	20.7	29,117	22.3	25,713	22.0
Residential	20,946	15.1	24,314	18.7	24,003	20.5
Commercial	81,591	58.9	68,403	52.5	59,952	51.3
Industrial	7,320	5.3	8,471	6.5	7,206	6.2
Other						
	138,420	100.0	130,305	100.0	116,874	100.0
Total Sales						
Revenues: ($000s)						
	$117,253	23.9	$190,003	25.9	$165,987	26.1
Residential	78,126	15.9	143,667	19.5	135,834	21.3
Commercial	269,458	55.1	363,097	49.4	287,098	45.1
Industrial	25,181	5.1	38,515	5.2	47,560	7.5
Other						
	$490,018	100.0	$735,282	100.0	$636,479	100.0
Total Revenues						
Customers: (Annual Average)						
	294,343	84.3	335,249	84.4	348,331	84.6
Residential	37,904	10.8	44,147	11.1	45,770	11.1
Commercial	1,911	0.6	2,104	0.5	2,535	0.6
Industrial	15,140	4.3	15,532	4.0	15,222	3.7
Other						
	349,298	100.0	397,032	100.0	411,858	100.0
Total Customers						

Percent Change in Sales of Gas (Mcfs and Dekatherms)

Sales:	1980/1975	1984/1980	1985/1984
Residential			
Commercial	16.8	1.9	(11.7)
Industrial	32.0	16.1	(1.3)
Other	58.6	(16.2)	(12.4)
	8.2	15.7	(14.9)
Total Sales			
	40.5	(5.9)	(10.3)

FIGURE NO. 5-9

REGULATED AND MUNICIPAL GAS SYSTEMS

Number of Customers, Total Revenue from Sales of Gas, and Total MCFS & Dekatherms Sold
($, Mcf-Dekatherms in 000s)
(N. C. Data Only)

	Number of Customers--Yearly Average						
Regulated Utilities	1965	1970	1975	1980	1984	1985	% Increase (Decrease) 1985 over 1984
Class A:							
N.C.Natural Gas	32,653	40,676	50,150	58,082	64,812	66,365 (1)	2.4
N.C. Gas Service (Penn. & Southern)	4,943	7,562	8,220	8,739	8,842	8,911	0.8
Piedmont Natural Gas	87,018	117,270	137,461	147,743	167,257	172,956	3.4
Public Service Co. of N.C.	59,472	94,942	116,198	131,787	156,121	163,626	4.8
United Cities Gas Co.	1,301	1,836	2,534	2,947	--	--	
Total--Regulated Utilities	185,387	262,286	314,563	349,298	397,032	411,858	3.7
Municipals: (2)							
Bessemer City	303	534	508	354	562	565	0.5
Greenville, City of	3,913	4,057	4,687	3,456	4,203	4,409	4.9
Kings Mountain, City of	1,000	1,381	1,637	1,767	1,632	1,458	(10.7)
Lexington, City of	3,576	4,535	4,354	4,369	4,526	4,581	1.2
Monroe, City of	1,030	1,562	2,419	2,361	2,208	N/A	N/A
Rocky Mount, City of	3,464	5,580	7,460	8,195	9,001	9,437	4.8
Shelby, City of	2,656	3,752	3,767	3,684	4,284	4,250	(0.8)
Wilson, City of	3,540	4,626	5,442	5,873	6,351	6,386	0.6
Total--Municipals	19,482	26,027	30,274	30,059	32,767	31,086	(5.1)
GRAND TOTALS--ALL GAS SYSTEMS	204,869	288,313	344,837	379,357	429,799	442,944	3.1

(1) This number does not include Sales For Resale customers.
(2) Municipal Data for fiscal years ending June 30.

FIGURE NO. 5-9 CONTINUED

REGULATED AND MUNICIPAL GAS SYSTEMS
Number of Customers, Total Revenue from Sales of Gas, and Total MCFs and Dekatherms Sold
($, Mcf-Dekatherms in 000s)
(N. C. Data Only)

	Total Revenue From Sales of Gas (N.C. Data Only) ($ in 000s)						
Regulated Utilities	1965	1970	1975	1980	1984	1985	% Increase (Decrease) 1985 over 1984
Class A:							
N.C. Natural Gas	$10,599	$24,429	$42,986	$137,056	$182,410	$150,168	(17.7)
N.C. Gas Service (Penn. & Southern)	1,222	2,446	3,166	9,642	14,876	12,783	(14.1)
Piedmont Natural Gas	22,194	36,828	59,831	179,421	284,777	252,852	(11.2)
Public Service Co. of N. C.	17,738	33,995	52,053	159,891	253,588	214,496	(15.4)
United Cities Gas Co.	359	630	1,096	3,011	--	--	
Total--Regulated Utilities (1)	$52,112	$98,328	$159,132	$489,021	$735,651	$630,299	(14.3)
Municipals: (2)							
Bessemer City	$93	$167	$301	$1,023	$1,576	$1,196	(24.1)
Greenville, City of	364	589	1,145	3,660	6,005	5,986	(0.3)
Kings Mountain, City of	427	479	947	2,817	4,544	3,972	(12.6)
Lexington, City of	718	1,327	1,930	6,759	12,700	12,360	(2.7)
Monroe, City of	331	680	1,001	3,078	6,966	N/A	N/A
Rocky Mount, City of	922	1,543	2,715	8,563	11,532	11,214	(2.8)
Shelby, City of	1,240	1,743	2,338	8,649	15,506	16,287	5.0
Wilson, City of	572	919	1,399	2,883	5,932	5,410	(8.8)
Total--Municipals	$4,667	$7,447	$11,776	$37,432	$64,761	$56,425	(12.9)
GRAND TOTALS--ALL GAS SYSTEMS	$56,779	$105,775	$170,908	$526,453	$800,412	$686,724	(14.2)

(1) Does not include Other Operating Revenues.
(2) Municipal Data for years ending June 30.

FIGURE NO. 5-9 CONTINUED

REGULATED AND MUNICIPAL GAS SYSTEMS
Number of Customers, Total Revenue from Sales of Gas, and Total MCFs and Dekatherms Sold
($, Mcf-Dekatherms in 000s)
(N. C. Data Only)

Total Mcfs and Dekatherms of Gas Sold (000s) (1)

Regulated Utilities	1965	1970	1975	1980	1984	1985	% Increase (Decrease) 1985 over 1984
Class A:							
N. C. Natural Gas	17,039	39,687	30,763	41,947	34,273	30,522	(10.9)
N.C. Gas Service (Penn. & Southern)	1,717	4,265	1,898	2,672	2,455	2,200	(10.4)
Piedmont Natural Gas	28,154	46,231	34,822	48,991	49,952	46,358	(7.2)
Public Service Co. of N.C.	23,234	42,106	30,490	43,942	43,625	37,794	(13.4)
United Cities Gas Co.	395	755	576	868	--	--	
Total--Regulated Utilities	70,539	133,044	98,549	138,420	130,305	116,874	(10.3)
Municipals: (2)							
Bessemer City	135	259	290	379	339	229	(32.4)
Greenville, City of	320	456	600	940	916	956	4.4
Kings Mountain, City of	642	695	980	1,008	879	761	(13.4)
Lexington, City of	919	2,018	2,024	2,609	2,731	2,680	(1.9)
Monroe, City of	367	810	670	878	1,112	N/A	N/A
Rocky Mount, City of	1,308	1,726	1,608	2,170	1,957	1,963	0.3
Shelby, City of	2,576	3,676	2,760	3,553	3,463	3,652	5.5
Wilson, City of	545	821	782	853	941	877	(6.8)
Total--Municipals	6,812	10,461	9,714	12,390	12,338	11,118	(9.9)
GRAND TOTALS--ALL GAS SYSTEMS	77,351	143,505	108,263	150,810	142,643	127,992	(10.3)

(1) Sales for period 1965-1975 shown in Mcfs. Sales from 1980 shown in dekatherms (DTs). Dekatherms = 1.030 Mcfs.
(2) Municipal Data for fiscal years ending June 30.

FIGURE NO. 5-10

RESIDENTIAL NATURAL GAS CUSTOMERS AVERAGE ANNUAL USAGE AND COST DATA (Mcf and DT)
North Carolina and Selected Gas Companies Outside North Carolina
For the Years 1965, 1970, 1975, 1980, 1984, 1985

		Use--Mcf & DT (1)						Rate per Mcf or DT						Total Cost					
Company		1965	1970	1975	1980	1984	1985	1965	1970	1975	1980	1984	1985	1965	1970	1975	1980	1984	1985
N.C. Gas Companies: (N.C. Data Only)																			
N.C. Natural Gas Corp.		72	89	77	79	73	60	$1.72	$1.55	$2.02	$4.04	$6.21	$6.03	$123.18	$137.95	$155.54	$319.16	$453.33	$361.80
N.C. Gas Service (Penn. & Southern)		121	138	116	92	88	71	1.08	1.00	1.79	4.11	6.52	6.67	131.25	138.00	207.64	378.12	573.76	473.57
Piedmont Natural Gas Co., Inc.		99	124	97	106	92	79	1.34	1.46	1.99	4.07	6.57	6.51	132.56	181.04	193.03	431.42	604.44	514.29
Public Service Co. of N.C., Inc.		94	115	98	95	86	73	1.45	1.39	2.15	4.11	6.56	6.51	136.28	159.85	210.70	390.45	564.16	475.23
United Cities Gas Co. (2)		68	93	88	89	---	---	1.72	1.53	2.40	4.18	---	---	117.05	142.29	211.20	372.02	---	---
Weighted Average		93	116	95	97	87	74	$1.41	$1.32	$2.05	$4.08	$6.52	$6.46	$131.44	$141.98	$194.75	$395.76	$567.24	$478.04
Gas Companies Outside N.C.: (Systemwide Data) (3)																			
Gas Company	Headquarters																		
Alabama Gas Co.	Birmingham, Alabama	100	120	91	93	89	79	$1.13	$1.09	$1.72	$4.01	$6.05	$6.27	$113.00	$130.80	$156.52	$372.93	$538.45	$495.33
Arkansas Western Gas	Fayetteville, Arkansas	131	139	114	105	100	90	.73	.82	1.12	2.59	4.44	4.90	95.63	113.98	127.68	271.95	444.00	441.00
Essex County Gas Co.	Haverhill, Massachusetts	83	110	93	89	88	85	1.81	1.73	2.93	5.26	8.53	8.49	150.23	190.30	272.49	468.14	750.64	721.65
Fall River Gas Co.	Fall River, Massachusetts	76	93	86	93	90	89	1.87	1.75	3.61	5.03	6.88	7.04	142.12	162.75	310.46	467.79	619.20	626.56
Indiana Gas. Co.	Indianapolis, Indiana	165	170	160	144	131	114	.89	1.06	1.37	2.95	6.28	6.53	146.85	180.20	219.20	424.80	822.68	744.42
Mississippi Valley Gas Co.	Jackson, Mississippi	102	102	87	90	87	78	.84	.88	1.41	3.30	5.11	5.12	85.68	89.76	122.67	297.00	444.57	399.36
Washington Natural Gas Co.	Seattle, Washington	115	124	122	97	87	93	1.35	1.27	2.12	4.92	6.68	6.69	155.25	157.48	258.64	477.24	581.16	622.17
National Average (4)		117	129	122	115	102	98	$1.00	$1.06	$1.69	$3.17	$5.93	$5.95	$117.00	$133.18	$206.18	$364.55	$604.86	$583.10

(1) 1965-1975 Use shown in Mcfs
1980-1985 Use shown in Dekatherms (DTs)
1 Dekatherm = 1.030 Mcfs

(2) Public Service Co. of N.C., Inc. purchased United Cities Gas Co. and assumed full operation and control on Oct. 1, 1982, (Docket No. G-5,Sub 179)

(3) Source: Company Annual Stockholder Reports

(4) Source: Gas Facts--Editions for years shown

FIGURE NO. 5-11

GAS TRACKING CHANGES APPROVED
1985

Company	Docket	Number	Increase/ (Decrease)	Increase/(Decrease) Per Dekatherm
N.C. Gas Company (Penn. & Southern)	G-3, Subs 129 & 131	2	($618,372)	(27.09 cents)/DT
N.C. Natural Gas Company	G-21, Subs 251 & 254	2	($10,774,940)	(31.13 cents)/DT
Piedmont Natural Gas Company	G-9, Subs 252 & 255	2	($14,696,192)	(29.90 cents)/DT
Public Service Gas Company	G-5, Subs 196 & 203	2	($13,492,776)	(31.50 cents)/DT
Total		8	($39,582,280)	

FIGURE NO. 5-12

1985 REFUNDS AND CUMULATIVE DOLLARS PAID TO FUND E & D PROGRAMS BY TYPICAL RESIDENTIAL CUSTOMER AS OF 12/31/85

Company	Cumulative Costs per Customer 1975-1985	Customer Refunds 1985	Net Costs to be Recovered
N.C. Gas Service (Penn. & Southern)	$21.77	$ (0.00)	$ 21.77
N.C. Natural Gas Company	34.34	(2.02)	32.32
Piedmont Natural Gas Company	21.29	(0.95)	20.34
Public Service Gas Company	34.08	(1.48)	32.60
Total	$111.48	$ (4.45)	$ 107.03

FIGURE NO. 5-13
GENERAL RATE INCREASES APPROVED
GAS COMPANIES
1985

Company	Date Filed	Docket Number	Amount Requested ($000s)	Amount Approved ($000s)	% Approved of Amount Requested	Date of Final Order
Piedmont Natural Gas Co.	5-14-85	G-9, Sub 251	$10,443	$8,368	80.1%	12-11-85
Public Service Co. of N.C.	4-19-85	G-5, Sub 200	$9,301	$6,661	71.6%	11-20-85
Total			$19,744	$15,029	76.1%	

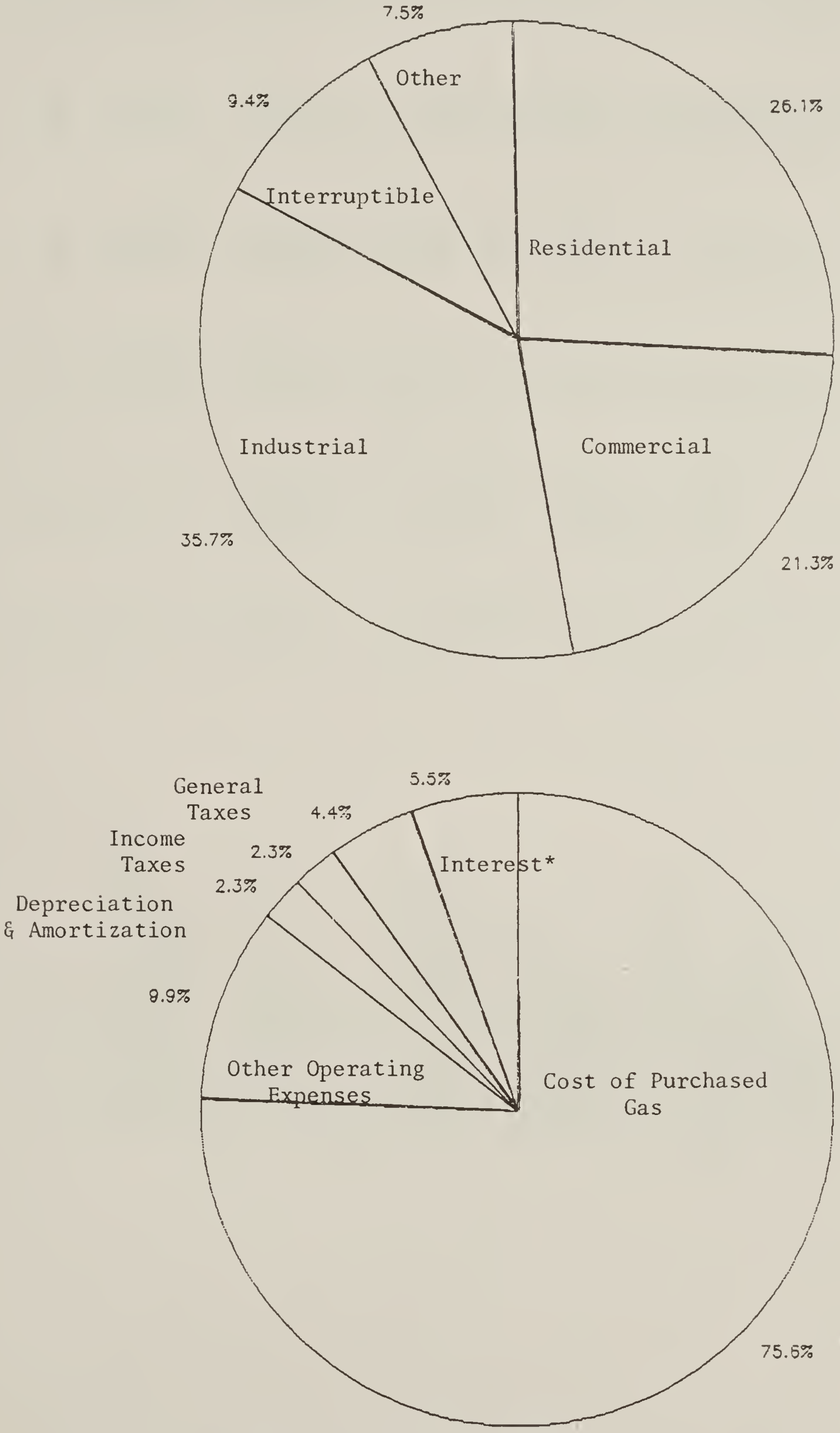
FIGURE NO. 5-14

SOURCE AND DISPOSITION OF THE GAS OPERATING REVENUE DOLLAR
(N.C. DATA ONLY)
For the Years 1980-1985

Source:	1980	1981	1982	1983	1984	1985
Residential	24%	23%	25%	26%	26%	26%
Commercial	16	16	18	19	19	21
Industrial	48	41	39	36	38	36
Interruptible	7	15	13	13	12	9
Other	5	5	5	6	5	8
Total	100%	100%	100%	100%	100%	100%

Disposition:	1980	1981	1982	1983	1984	1985
Cost of Purchased Gas	75%	76%	76%	75%	74%	76%
Other Operating Expenses	8	7	9	8	8	10
Depreciation & Amortization	2	2	2	2	2	2
Income Taxes	3	1	1	3	3	2
General Taxes	7	7	7	7	7	4
Interest & Other Deductions	2	3	2	2	2	3
Dividends	2	2	2	2	1	1
Retained Earnings	1	2	1	1	3	2
Total	100%	100%	100%	100%	100%	100%

FIGURE NO. 5-15
SOURCE AND DISPOSITION OF THE REVENUE DOLLAR
GAS COMPANIES
NORTH CAROLINA DATA ONLY



*Includes Dividends and Common Stock Earnings

FIGURE NO. 5-16
CLASS A GAS COMPANIES
INCOME STATEMENT, BALANCE SHEET, AND CUSTOMER STATISTICS
For the Years 1965, 1970, 1975, 1980, 1984, and 1985

Item	1965	1970	1975	1980	1984	1985	% Change 1985-1984
Number of Companies Regulated	7	5	5	5	4	4	0.0
Number included in this data	7	5	5	5	4	4	0.0
Income Statement (000s)							
Sales--Residential			$49,823	$117,253	$190,003	$165,988	(12.6)
Commercial			$28,308	$78,126	$143,667	$135,833	(5.4)
Industrial-Firm	NOT ALLOCATED (A)		$37,712	$235,197	$277,951	$227,489	(18.2)
Industrial-Interruptible			$33,890	$34,261	$85,146	$59,610	(30.0)
Other Sales			$9,399	$24,184	$38,884	$41,379	6.4
Total Sales of Gas	$52,112	$98,328	$159,132	$489,021	$735,651	$630,299	(14.3)
Other Operating Revenues	$325	$159	($372)	$997	($369)	$6,180	N/A
Total Gas Operating Revenues	$52,437	$98,487	$158,760	$490,018	$735,282	$636,479	(13.4)
Expense Items							
Production Expense	$25,926	$51,628	$81,995	$367,455	$547,312	$481,468	(12.0)
Transmission Expense	$960	$1,909	$264	$395	$2,525	$2,671	5.8
Distribution Expense					$18,309	$19,402	6.0
Customer Accounts Expense					$11,708	$11,794	0.7
Sales Expense			$1,258	$2,396	$3,736	$4,253	13.8
Administrative & General Expense					$21,398	$22,804	6.6
Depreciation Expense	$3,463	$5,153	$7,660	$10,597	$14,256	$14,901	4.5
Natural Gas Storage					$1,840	$1,763	(4.2)
Customer Service & Informational Expense					$482	$415	(13.9)
Other Expense	$6,730	$11,688	$20,323	$34,520	$0	$0	0.0
Total Operating Expenses Before Taxes	$37,079	$70,378	$111,500	$415,363	$621,566	$559,471	(10.0)
State Taxes							
Income Tax	$337	$655	$1,286	$1,353	$2,380	$881	(63.0)
Gross Receipts Tax			$9,602	$29,022	$43,728	$20,894	(52.2)
Property Tax	$4,490	$8,289	$2,750	$3,128	$3,594	$3,958	10.1
Other State Taxes			$66	$197	$392	$98	(75.0)
Total State Taxes	$4,827	$8,944	$13,704	$33,700	$50,094	$25,831	(48.4)
Federal Taxes							
Income Tax	$2,539	$4,512	$9,053	$6,345	$14,726	$3,328	(77.4)
Provision for Deferred Taxes			$2,354	$3,435	$4,155	$7,283	75.3
Income Tax Deferred in Prior Years			($13)	($9)	($13)	($12)	N/A
Investment Tax Credit			$208	$2,637	$1,877	$2,920	55.6
Payroll, Unemployment & Other Federal Taxes	$200	$1,118	$866	$1,461	$2,514	$2,897	15.2
Total Federal Taxes	$2,739	$5,630	$12,468	$13,869	$23,259	$16,416	(29.4)
Total State & Federal Taxes	$7,566	$14,574	$26,172	$47,569	$73,353	$42,247	(42.4)
Total Operating Expenses	$44,645	$84,952	$137,672	$462,932	$694,919	$601,718	(13.4)

(A) For the years prior to 1984 there was no allocation of these items to the North Carolina operations.

FIGURE NO. 5-16 CONTINUED
CLASS A GAS COMPANIES
INCOME STATEMENT, BALANCE SHEET, AND CUSTOMER STATISTICS
For the Years 1965, 1970, 1975, 1980, 1984, and 1985

	1965	1970	1975	1980	1984	1985	% Change 1985-1984
Net Operating Income	$7,792	$13,535	$21,088	$27,086	$40,363	$34,761	(13.9)
Other Income & Expenses							
Other Income	$234	$1,003	$438	$3,013	$3,099	$2,320	(25.1)
Allowance for Funds Used During Construction			$484	$99	$602	$1,191	97.8
Deductions from Income			$53	$256	$1,349	$1,103	(18.2)
Total Other Income & Expense	$234	$1,003	$869	$2,856	$2,352	$2,408	2.4
Fixed Charges							
Interest on Funded Debt	$3,879	$6,428	$7,790	$9,348	$11,851	$14,689	23.9
Other Fixed Charges	$153	$1,359	$948	$2,915	$5,426	$5,462	0.7
Allowance for Borrowed Funds Used During Construction					($293)	($485)	N/A
Total Fixed Charges	$4,032	$7,787	$8,738	$12,263	$16,984	$19,666	15.8
Extraordinary Items						$458	N/A
Net Income	$3,994	$6,751	$13,219	$17,679	$25,731	$17,961	(30.2)
Balance Sheet: Assets (000s)							
Utility Plant in Service	$138,298	$220,298	$280,163	$379,473	$515,323	$563,715	9.4
Construction Completed Not Classified	$0	$0	$0	$0	$1,614	$2,078	28.7
Leased to Others	$0	$0	$23	$23	$0	$19	N/A
Held for Future Use	$0	$0	$736	$250	$669	$1,304	94.9
Construction Work in Progress	$0	$0	$10,452	$6,036	$13,601	$17,589	29.3
Acquisition Adjustments	$0	$0	($112)	($20)	$449	$450	0.2
Total Utility Plant	$138,298	$220,298	$291,262	$385,762	$531,656	$585,155	10.1
Depreciation Reserve	$22,093	$41,397	$70,874	$115,234	$163,425	$177,459	8.6
Net Utility Plant	$116,205	$178,901	$220,388	$270,528	$368,231	$407,696	10.7
Customer Accounts Receivable					$72,044	$65,344	(9.3)
Accounts Receivable--Associated Companies					$6,216	$8,443	35.8
U.S. Government Securities					$6,057	$0	N/A
Temporary Cash Investments		NOT ALLOCATED (A)			$8,200	$0	N/A
Gas Stored Underground					$37,053	$23,031	(37.8)
Liquified Natural Gas Stored					$6,699	$8,552	27.7
Deferred Cost of Purchased Gas					$3,541	$9,295	162.5
Investment in Subsidiary Company					$9,074	$6,549	(27.8)
Prepayments					$583	$2,326	299.0
Miscellaneous Current & Accrued Assets					$6,160	$10,875	76.5
Other Assets					$14,459	$24,884	72.1
Total Assets					$538,317	$566,995	5.3
Liabilities & Stockholder's Equity							
Preferred Stock					$7,414	$5,602	(24.4)
Common Stock					$9,290	$9,152	(1.5)
Other Paid-in Capital		NOT ALLOCATED (A)			$25,441	$27,737	9.0
Premium on Capital Stock					$34,622	$29,458	14.9
Less Discount on Capital Stock					$0	$0	0.0

(A) For the years prior to 1984 there was no allocation of these items to the North Carolina operations.

FIGURE NO. 5-16 CONTINUED
CLASS A GAS COMPANIES
INCOME STATEMENT, BALANCE SHEET, AND CUSTOMER STATISTICS
For the Years 1965, 1970, 1975, 1980, 1984, and 1985

	1965	1970	1975	1980	1984	1985	% Change 1985-1984
Less Capital Stock Expense					($331)	($331)	0.0
Retained Earnings		NOT ALLOCATED (A)			$93,057	$84,562	(9.1)
Other Capital					$0	$0	0.0
Total Stockholder's Equity					$169,493	$156,180	(7.9)
Total Long Term Debt					$130,943	$154,690	18.1
Short Term Obligations					$0	$0	0.0
Accounts Payable					$55,244	$65,688	18.9
Taxes Accrued					$15,739	$3,397	(78.4)
Matured Long Term Debt		NOT ALLOCATED (A)			$1,831	$3,195	74.5
Refunds Payable					$3,824	$2,356	(38.4)
Accumulated Deferred Income Taxes					$48,903	$56,417	15.4
Accumulated Deferred Investment Tax Credits					$19,402	$22,297	14.9
Miscellaneous Current & Accrued Liabilities					$2,248	$3,724	65.7
Operating Reserves					$132	$184	39.4
Other Liabilities					$90,558	$98,867	9.2
Total Liabilities					$368,824	$410,815	11.4
Total Liabilities & Stockholder's Equity					$538,317	$566,995	5.3
Balance Sheet Items (Systemwide) (000s)							
Long Term Debt	$94,565	$143,161	$146,661	$148,905	$146,466	$202,452	38.2
Retained Earnings	$9,442	$24,224	$48,294	$72,006	$103,866	$106,619	2.7
Total Capitalization	$143,994	$223,838	$258,189	$299,888	$335,024	$399,488	19.2
Long Term Debt % of Total Capitalization	65.7%	64.0%	56.8%	49.7%	43.7%	50.7%	16.0
Average Number of Common Shares Outstanding (Actual)	5,443	6,156	7,115	8,432	9,079	9,303	2.5
Earnings Per Average Common Shares Outstanding (After Preferred Dividends)	$ .75	$ 1.24	$ 1.99	$ 2.37	$ 2.77	$ 2.11	(23.8)
Customer and Miscellaneous Data (N.C. Data)							
Average Annual Use--Residential Customers (DTs)	93	116	95	97	87	74	(14.9)
Total Residential Customers	145,080	208,712	255,339	294,343	335,249	348,331	3.9
Grand Total--All Types Customers	185,387	262,286	314,563	349,298	397,032	411,858	3.7
Average Number Full Time Employees	1,410	1,851	1,764	2,067	2,305	2,404	4.3
Total Salaries and Wages Paid Employees ($000s)	$7,751	$13,539	$17,216	$33,085	$48,771	$53,141	9.0
Average Annual Compensation Per Employee	$5,497	$7,315	$9,760	$16,006	$21,159	$22,105	4.5

(A) For the years prior to 1984 there was no allocation of these items to the North Carolina operations.

VI. The Communications Industry

Telephone, Western Union, Radio Common Carrier

A. BRIEF REVIEW OF THE TELEPHONE INDUSTRY--GENERAL

At December 31, 1985, there were twenty telephone companies and one telephone municipality under the jurisdiction of the North Carolina Utilities Commission. Six of the telephone companies under North Carolina jurisdiction also have operations in other states. These companies include ALLTEL Carolina Telephone Company, American Telephone and Telegraph Communications, Inc., Central Telephone Company, Continental Telephone of Virginia, General Telephone of the South, and Southern Bell Telephone and Telegraph Company.

Following is a list of the Telephone Holding Companies and their wholly owned or controlled operating telephone companies, which were under Commission regulation as of December 31, 1985:

Parent Holding Company	Operating Telephone Company
BellSouth Corporation	Southern Bell Tel. & Tel. Co.
Centel Corporation	Central Tel. Co.
Continental Tel. Co.	Cont. Tel. Co. of North Carolina Cont. Tel. Co. of Virginia (Serves Knotts Island, N.C.)
Gen. Tel. & Electronics	Gen. Tel. Co. of South (1)
Mid-Continent Tel. Co.	ALLTEL Carolina Tel. Co. Sandhill Tel. Co.
T.D.S. Inc. (Telephone & Data Systems, Inc.)	Barnardsville Tel. Service Tel. Co.
United Telecommunications, Inc.	Carolina Tel. & Tel. Co.

(1) On December 12, 1985, this company's name was changed to General Telephone Company of the South.

Description of the Divestiture Transaction of American Telephone & Telegraph Company (AT&T)

On January 1, 1984, the divestiture of the Bell system was implemented. Under the terms of the divestiture agreement, AT&T had to divest itself of ownership of the Bell operating companies (BOC) that relate to exchange telecommunications, exchange access functions, and printed directory advertising, as well as its cellular advanced mobile communications service business. AT&T retained ownership of AT&T Communications, Western Electric, Bell Laboratories, AT&T Information Systems, AT&T International, and those portions of the BOC's which provide interexchange service and customer premises equipment. As a result of the divestiture, AT&T Communications of the Southern States, Inc. (ATTCOM), was certified to provide the interLATA long-distance service within North Carolina previously provided by Southern Bell Telephone & Telegraph Company. Southern Bell continues to provide local exchange service and intraLATA long-distance service within its certificated area. Separate rates and tariffs were established for the respective services of AT&T and Southern Bell.

B. CUSTOMER GROWTH AND IMPACT ON PLANT INVESTMENT

The regulated utilities had a total of 2,639,678 access lines in service as of December 31, 1985. This is an increase of 3.6% from 1984 with 2,549,105 access lines. Figure No. 6-1 shows total telephones by companies for the years 1960, 1965, 1970, 1975, 1980, and 1981. Figure No. 6-2 shows access lines for the years 1984 and 1985. In 1982 the telephone industry changed its system of reporting the number of telephones served by each company to the number of access lines. For a definition of access line see Figure No. 6-3. In 1985 Southern Bell Telephone and Telegraph Company continued to serve 50% and Carolina Telephone and Telegraph continued to serve 25% of the total customers in North Carolina.

The installation of additional access lines required additional investment. For example, in installing an additional access line, provisions must be made for central office equipment, circuits, and lines to accomodate the traffic potential of the installation. The telephone companies generally attempt to engineer for a five to seven-year growth period in outside cable plant facilities and for a one to two-year growth period in central office equipment. For other types of plants, the companies strive for a margin of reserve of greater duration depending on the type of construction and the economics involved in such construction. Unlike other industries, increased volume and increased installations do not necessarily mean increased profits for the telephone utilities. In many instances, increased volume can mean less net earnings where the unit cost of servicing the investment exceeds additional unit revenue derived. This is particularly true in sparsely populated areas requiring high investment per line. The same unit profit squeeze may also be evident in meeting demands for higher grades of service; for example, because of rate differentials where a subscriber who had been receiving four-party service asks for and receives one-party service, the increased revenue per unit may not keep pace with the additional investment and expense.

C. DEMANDS FOR SERVICE

The telephone companies in North Carolina for several years have been faced with an enormous challenge in meeting demands for service. However, as more and more telephone service is extended throughout the State the overall problem changes somewhat from satisfying demands for service, on which the Commission and the companies have placed special emphasis, to satisfying demands for better quality and upgraded service.

D. EXTENDED AREA SERVICE (EAS)

Extended Area Service is the industry term applied to the extension of local calling from one telephone exchange to and from another exchange without a toll charge being levied. Extended area coverage was approved for five companies in 1985 and seven companies in 1986.

E. TELEPHONE RATES--COMMENTS

These are the monthly charges for basic telephone service as fixed by the Commission. These rates are divided between residential and commercial telephones and are graduated upward from four-party to single-party service. Local exchange rates for a particular company are fixed on a companywide basis according to the calling scope of the particular exchange; i.e., the number of main stations and PBX trunks in an exchange which a single subscriber may telephone without toll charge. These rate groupings are not standard among the companies. Figure No. 6-4 shows rate groupings with rates for the regulated telephone companies.

The practical result of the foregoing "value of service principle" is that a company's subscribers in an urban area will pay a higher monthly local exchange rate than the same company's subscribers in a community having a substantially smaller number of telephones that can be called without a toll charge. Thus unlike electric and natural gas utilities which have standard rates applicable to a customer classification companywide, the telephone companies have different rates for basic service depending upon the telephone population or calling scope in the particular exchange. Telephone rates also vary substantially between companies and states. Figure No. 6-5 shows a ten-year history of average North Carolina telephone bills for local service.

Toll Charges

Calls between two separate exchanges are "long distance" or toll charge calls, unless arrangements have been made for extended area (toll-free) service. Intrastate toll charges in North Carolina are uniform throughout the State. See Figure No. 6-6.

Two- and Four-Party Service

Two-party and four-party service in North Carolina was .81% of 1% and .51% of 1%, of total lines, respectively, in 1985 as compared to .63% of 1% and .37% of 1% in 1986.

Service Charges

These are the charges made for installing, moving, and changing telephone instruments. These charges have been increased for some companies in the past few years mostly in rate case proceedings to make them more cost-related. Figure No. 6-7 shows some typical charges by selected companies for various services relating to installing a telephone.

Special Charges

Certain special equipment, such as key systems and private branch exchange systems, require special rates and special consideration by the Commission. These rates are fixed individually on a case-by-case and company-by-company basis and vary widely because of variances in equipment and operating characteristics.

F. RATE INCREASES APPROVED

During 1985, only one telephone company requested a general rate increase. Of the $2,532,000 amount requested, only $879,000, or 34.7% was granted. Details of this general rate proceeding are found in Figure No. 6-8.

G. WESTERN UNION OFFICES

The Western Union Telegraph Company (Western Union), organized in New York in 1851, is the principal subsidiary of Western Union Corporation. Western Union has developed and provides a wide range of communications and related services including network services through Telex I and Telex II, private communications, information handling systems to the government and to industry, money transfer services, mailgram and telegram message services, and other services such as maintenance under contracts with customers who own or lease terminals and other communications related equipment.

In recent years as large businesses made growing use of their telex and TWX terminal capability for originating telegrams, and as smaller businesses and the general public increasingly availed themselves of telephone convenience for sending their telegrams, the need for independent offices and branches owned by Western Union steadily declined in the United States and in North Carolina. For example, there were 860 such offices in 1971 nationwide and 25 in North Carolina, and in 1985 they have declined to 39 and 0 respectively. Less than 10% of public message traffic is accepted over the counter; and most of that traffic is money order business.

The number of agency or commission offices have remained fairly constant. They are most often small "mom and pop" operations by persons other than employees of Western Union. In 1971 there were 6,913 of these type operators nationwide and 249 in North Carolina.

The following illustrates the number of Western Union offices in the United States and in North Carolina:

	United States		North Carolina	
	1984	1985	1984	1985
Independent Office & Branches	111	39	4	0
Joint Offices	0	0	0	0
Agency of Commission Offices	7,614	8,520	275	324
Total	7,725	8,559	279	324

Due to the passage of the Record Carrier Competition Act of 1981 (P.L.97-130), the Utilities Commission no longer regulates the intrastate record services of the Western Union Telegraph Company.

H. RADIO COMMON CARRIERS

There were ten Radio Common Carriers (RCCs) certified to operate in North Carolina at the end of 1986. These RCCs provide two-way mobile telephone service and one-way radio paging service to approximately 15,000 units within the State. The services offered by RCCs generally include automatic dial as well as manual operation for mobile units and pagers. Interconnection with the landline telephone network is provided in order to permit direct communications between landline telephones and RCC mobile/paging units.

The growth of RCC two-way mobile units has been hampered by the limited number of VHF radio channels available from the Federal Communications Commission (FCC). While the demand for RCC service has been increasing in the metropolitan areas, the limited number of radio channels has restricted the number of subscribers an RCC could serve and still maintain an acceptable quality of service. It is anticipated that most future mobile telephone growth will have to be met through the use of higher frequency channels in the 450 MHz or 900 MHz bands.

There have been no general rate increases for radio common carriers since 1982.

Cellular Radio Technology

Cellular Radio Technology has greatly enchanced and improved two-way radio service. Under the "cellular mobile radio service" technology, the number of radio base stations is expanded so that as a two-way mobile radio subscriber moves through the service area his call is automatically and instantly "handed off" from one base station to another so that a subscriber may originate and terminate calls from any point within the service area. Two or more callers can share the facilities simultaneously. Central switching equipment automatically routes calls through interconnection with the landline telephone network so that mobile-to-land and land-to-mobile calls can be completed as well as mobile-to-mobile calls. Unlike the conventional two-way calling now offered by most of the mobile radio common carriers in their franchised areas, the "cellular mobile radio" system has a built-in capacity to expand as public demand increases with a grade of service comparable to landline telephone service.

The Federal Communications Commission, allocates frequencies, grants facility construction permits, and grants licenses for facilities used in one-way and two-way mobile radio systems. The FCC has identified nine markets (Cellular Geographic Service Area [CGSA]) nationwide in which the public demand and need will justify cellular enhancement. Accordingly the FCC has allocated two 20 MHz groups to each market. Initially, one license will be available to radio common carriers. There have been nine cellular telephone companies issued certificates since the first companies applied in 1984.

I. SOURCE AND DISPOSITION OF REVENUES—COMMENTS

The telephone companies derived about 30.7% of their revenues from local charges, 39.1% from toll charges, 23.7% from access charges, and 6.5% from miscellaneous services in 1985 compared to 31.9%, 41.0%, 21.1%, and 6.0% in 1984. These ratios have not changed drastically on a year-to year basis, but the long-term trend (1965-1985) shows an increasing amount from toll service.

The components of the disposition of the revenue dollar as shown on Figure No. 6-9 indicates that for the year 1985 compared to 1984 operating expenses, taxes other than income, and retained earnings decreased while all other disposition components increased.

J. PLANT INVESTMENTS—COMMENTS

The regulated telephone companies increased gross plant investment in North Carolina 6.0% in 1983, 8.8% in 1984, and only 2.4% in 1985. These increases represent investments of $220 million in 1983, $383 million in 1984, and $114 million in 1985 bringing the total gross plant investment at December 31, 1985, to $4,848,443,000.

Figure No. 6-10 shows investment per access line 1984 and 1985 on a North Carolina industrywide basis. Figure No. 6-11 shows investment per telephone for the regulated telephone companies for the years 1960, 1965, 1970, 1975, 1980, and 1981. Figure No. 6-12 shows the investment per access line as of December 31, 1984, and 1985. The information shown in Figure No. 6-12 indicates the variances in this important cost element of providing telephone service, and these variances in plant cost contribute to the variances in telephone rates between companies.

K. STATISTICAL SUMMARY DATA

Total operating revenues of the telephone companies increased in 1985 over 1984 by a total of 12.1%. Operating expenses including taxes increased 12.9% and net operating income increased 7.5% for the same period. The average annual wage per telephone employee was $28,691 in 1985, a 7.5% increase over the previous year. Total salaries and wages paid by the telephone companies were more than $474 million in 1985. The total average number of employees decreased in 1985 over 1984 to 16,523 employees. A detailed account of these and other selected items is shown in Figure No. 6-13.

FIGURE NO. 6-1

TELEPHONE COMPANIES OPERATING IN NORTH CAROLINA
NUMBER OF TOTAL TELEPHONES IN SERVICE, EXCHANGES, AND DENSITY DATA
AT YEAR END FOR 1960, 1965, 1970, 1975, 1980, & 1981

Class A & B	Number of Total Telephones In Service						Number of Exchange					Number Phones Per 100 Population		Number Phones Per Square Mile Area		% Household In Area Served Housing Phones		Average Number Employees Per Company	
	1960	1965	1970	1975	1980	1981	1965	1970	1975	1980	1981	1980	1981	1980	1981	1980	1981	1980	1981
Carolina Tel & Tel. Co[1, 8]	244,716	348,295	527,190	779,464	982,532	910,456	137	143	146	146	145	56	53	50	48	88	89	5,511	5,420
Central Telephone Co[2]	74,072	101,508	142,461	191,600	241,597	232,384	39	35	43	43	43	54	52	77	74	89	87	1,132	1,107
Citizens Telephone Co	3,462	5,919	8,704	12,133	15,968	16,530	3	3	4	4	4	71	73	42	44	94	95	72	65
Concord Telephone Co	34,992	44,308	56,365	72,353	93,740	97,382	9	9	9	9	9	67	68	133	138	96	96	334	336
Continental Tel. of N C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ellerbe Telephone Co	574	743	1,084	1,535	2,003	2,088	1	1	1	1	1	48	50	8	8	85	85	8	8
General Tel Co of the Southeast[3]	43,943	65,363	97,469	124,839	162,054	167,473	5	5	5	5	5	66	84	203	199	91	91	1,720	1,734
Heins Telephone Co	8,284	11,267	15,825	22,130	30,087	31,263	3	3	3	3	3	66	65	64	67	95	96	165	162
Lexington Telephone Co	9,049	12,006	17,082	22,248	28,825	29,873	3	3	3	3	3	59	61	139	144	90	N/A	173	173
Mebane-Home Telephone Co	1,903	2,571	3,665	5,502	6,877	7,069	1	1	1	1	1	40	40	46	46	75	75	22	22
Mid-Carolina Telephone Co.[4]	21,830	33,016	51,810	77,742	108,747	113,738	24	26	26	26	26	36	38	49	52	89	90	311	313
North State Telephone Co	37,221	48,237	64,662	86,473	113,740	114,752	3	3	3	3	3	52	74	193	200	87	92	476	476
Pineville Telephone Co.[6]	—	—	—	—	2,177	2,185	—	—	—	1	1	109	109	2,177	22	98	98	14	12
Randolph Telephone Co.	1,026	1,398	2,104	2,847	3,773	3,795	1	1	1	1	1	53	53	46	46	89	95	15	14
Sandhill Telephone Co	1,341	1,743	2,526	3,624	5,225	5,381	2	2	2	2	2	73	74	100	103	95	97	12	12
Southern Bell Tel & Tel. Co.[5]	670,413	886,620	1,253,681	1,763,783	2,246,942	2,285,163	92	93	94	95	95	83	80	186	189	87	87	11,254	11,400
Westco Telephone Co	—	8,709	16,881	24,645	34,019	34,399	13	15	15	15	15	36	36	16	17	76	76	—	—
Western Carolina Tel Co.[7]	16,216	15,489	27,496	42,181	57,578	57,771	13	12	12	11	11	35	35	32	32	80	82	449	449
Totals. Class A & B	1,169,042	1,587,192	2,289,005	3,233,099	4,135,884	4,111,702	349	355	368	369	368	67*	66*	93*	93*	88**	89**	21,668	21,703
Barnardsville Telephone Co	186	293	354	613	876	911	1	1	1	1	1	44	46	7	7	85	85	3	3
Continental Tel. Co. of Virginia	42	48	184	339	452	465	1	1	1	1	1	35	35	30	31	60	61	N/A	N/A
Saluda Mountain Tel Co	290	373	520	833	1,320	1,365	1	1	1	1	1	68	69	19	19	85	85	3	5
Service Telephone Co	367	468	600	915	1,461	1,494	1	1	1	1	1	58	60	42	43	80	80	4	4
Totals Class C & D	885	1,182	1,658	2,700	4,109	4,235	4	4	4	4	4	53*	54*	17*	17*	78**	77**	10	12
Grand Totals	1,169,927	1,588,374	2,290,663	3,235,799	4,139,993	4,115,937	353	359	372	373	372	67*	66*	93*	93*	86**	83**	21,678	21,715
United States Totals[9]	77,813,000	93,659,000	120,783,300	148,623,000	180,180,00	181,551,000													
Special Service & Private Lines	22,903	27,216	28,752	41,555	36,753	43,602													

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[1] United Telephone Company of the Carolinas, Inc., merged with Carolina Telephone and Telegraph Company November 1, 1978 All figures for United for the period 1960-1978 are included in Carolina.

[2] Morris Telephone Company merged with Central Telephone Company November 4, 1965 All figures for Morris for 1965 and prior years are included in Central Lee Telephone Company merged with Central March 6, 1973 All figures for Lee for 1973 and prior years are included in Central.

[3] General Telephone of North Carolina merged with General Telephone of the Southeast December 21, 1970 All figures for 1970 and prior years for General Telephone of North Carolina are included in General Telephone of the Southeast.

[4] Lilesville Telephone Company merged with North Carolina Telephone Company December 31, 1968. Eastern Rowan, Mid-Carolina, Mooresville, and Thermal Belt Telephone companies merged into Mid-Carolina Telephone Company December 10, 1973 All figures for merged companies are included in Mid-Carolina Telephone Company, North Carolina Telephone Company, and Old Town Telephone System, Inc., were merged into Mid-Carolina Telephone Company September 30, 1977 All figures for merged companies for 1977 and prior years are included in Mid-Carolina.

[5] Chapel Hill Telephone Company came under Commission jurisdiction on January 1, 1973, and was sold to Southern Bell Telephone and Telegraph Company, April 1, 1977 All figures for 1976 and prior years are included in Southern Bell

[6] Pineville Telephone Company came under Commission jurisdiction January 1, 1976. (Docket No P-120, Sub 1).

[7] Cooleemee Telephone Company merged with Western Carolina Telephone Company January 11, 1967, and was sold to Yadkin Valley Telephone Membership Corporation on May 16, 1978. All figures for Cooleemee for years prior to 1967 are included in Western Carolina

[8] Norfolk & Carolina Tel & Tel Co merged into Carolina Tel. & Tel Co December 27, 1979. All figures for Norfolk & Carolina prior to 1980 are included in Carolina Tel & Tel Co

[9] Reference. Independent Telephone Statistics, U.S. Independent Telephone Association.

*Weighted Average
**Simple Average

FIGURE NO. 6-2

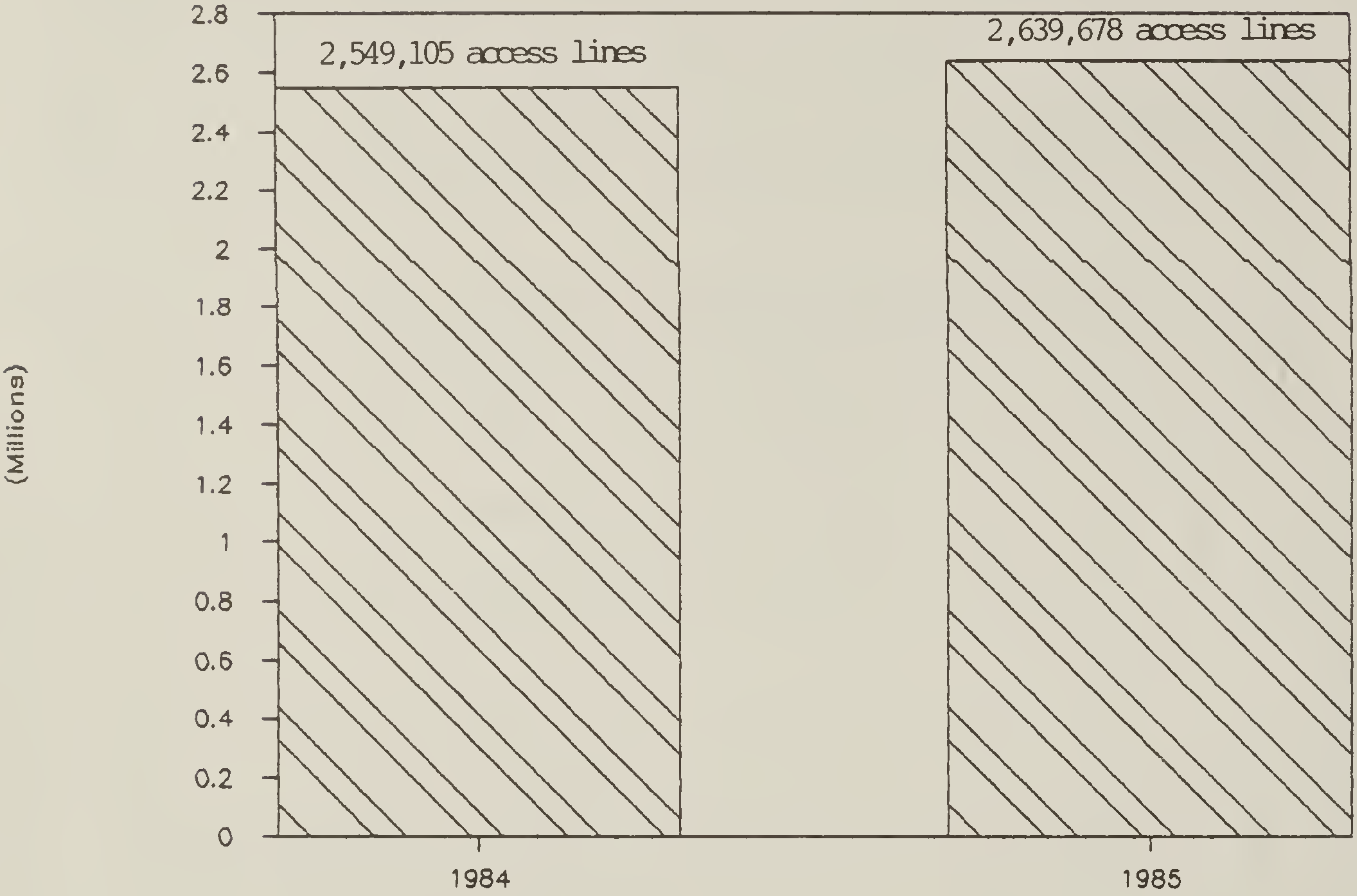
TELEPHONE COMPANIES OPERATING IN NORTH CAROLINA
NUMBER OF TOTAL ACCESS LINES, EXCHANGES, AND DENSITY DATA
AT YEAR END FOR 1984 AND 1985

	Number of Access Lines		% Change	Number of Exchanges		No. Access Lines Per 100 Population		No. Access Lines Per Square Mile Area		% Households in Area Served Having Phones		Average Number of Employees Per Company	
Class A & B	1984	1985	1985-1984	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985
ALLTEL Carolina Tel. Co.	72,092	77,878	8.0	26	26	53	N/A	38	N/A	87	N/A	299	N/A
Carolina Telephone Co.	635,839	660,598	3.9	145	145	36	37	33	34	90	90	4,906	4,631
Central Telephone Co.	162,635	168,284	3.5	42	43	42	N/A	52	N/A	74	N/A	848	N/A
Citizens Telephone Co.	11,215	11,637	3.8	1	1	46	37	28	25	95	95	69	87
Concord Telephone Co.	64,273	65,818	2.4	9	9	43	52	91	93	97	97	315	312
Continental Tel. Co. of North Carolina	70,708	73,444	3.9	26	26	N/A	34	18	18	N/A	80	N/A	366
Ellerbe Telephone Co.	1,418	1,443	1.8	1	1	33	33	5	6	88	88	10	10
General Tel. Co. of Southeast	114,304	119,727	4.7	5	5	57	71	136	142	91	92	1,998	2,151
Heins Telephone Co.	19,935	20,565	3.2	3	3	36	46	44	45	91	92	152	153
Lexington Telephone Co.	20,018	20,978	4.8	3	3	41	38	96	101	N/A	N/A	153	147
Mebane Home Telephone Co.	5,064	5,262	3.9	1	1	46	59	34	35	95	95	22	22
North State Telephone Co.	72,684	75,423	3.8	3	3	43	55	126	131	92	94	455	444
Pineville Telephone Co.	1,011	1,073	6.1	1	1	51	54	N/A	N/A	97	97	13	13
Randolph Telephone Co.	2,647	2,744	3.7	1	1	37	38	32	33	90	90	12	13
Sandhill Telephone Co.	3,167	3,312	4.6	2	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Southern Bell Tel. & Tel. Co.	1,289,047	1,328,338	3.0	93	93	43	45	107	110	81	85	7,906	7,470
Totals:	2,546,057	2,636,524	3.6	362	363	40*	42*	58*	61*	90	91	17,158	15,819
Class C & D													
Barnardsville Telephone Co.	754	784	4.0	1	1	38	39	6	6	85	85	3	3
Continental Tel. Co. of Virginia	374	405	8.3	1	1	N/A	N/A	N/A	N/A	N/A	N/A	--	N/A
Saluda Mountain Tel. Co.	1,042	1,077	3.4	1	1	49	49	17	18	89	90	5	4
Service Telephone Co.	878	888	1.1	1	1	35	36	25	25	80	80	4	4
Totals:	3,048	3,154	3.5	4	4	40*	41*	12*	12*	85	85	12	11
Grand Totals	2,549,105	2,639,678	3.6	366	367	40*	42*	58*	61*	88	88	17,170	15,830
United States Totals**	22,068,914	23,430,000	6.2										
North Carolina as % of United States Total	11.6%	11.3%											

* Weighted Average; All other averages are Simple Averages.
** United States totals from USTA Telephone Statistics Volume 1, 1986 Edition. Information from 611 independent Class A telephone companies.

FIGURE NO. 6-3

ACCESS LINES IN SERVICE AS OF DECEMBER 31, 1984, AND 1985
(N. D. Data Only)



Access Line - A telephone company facility which allows access to and/or from the exchange network. Access line includes the following categories of service: individual line, two-and four-party service, key trunk, rotary line, PBX trunk, centrex trunk, 800 service and outwats (interstate and intrastate), L.D. trunk (toll terminal), foreign exchange, semi-public, public, mobile telephone, and service station (farmer line). The total number of access lines in service at December 31, 1984 were 2,549,105 compared to 2,639,678 access lines at December 31, 1985.

FIGURE NO. 6-4

MONTHLY FLAT RATES BY CALLING SCOPE GROUPINGS
FOR ONE-PARTY BUSINESS AND RESIDENTIAL SERVICE
AS OF JANUARY 1, 1987

CALLING SCOPE AND RELATED MONTHLY FLAT RATES (a)

	1-1,000		1,001-1,400		1,401-2,000		2,001-2,800		2,801-4,000		4,001-5,600		5,601-8,000		8,001-11,200	
Class A & B	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.
Alltel Carolina Telephone Company									$ 35.05	$ 14.02	$ 36.98	$ 14.79	$ 37.43	$ 14.97	$ 38.20	$ 15.28
Carolina Telephone Company	$ 15.78	$ 6.56	$ 16.37	$ 6.85	$ 17.00	$ 7.09	$ 17.73	$ 7.38	$ 18.41	$ 7.67	$ 18.89	$ 7.87	$ 19.52	$ 8.16	$ 20.15	$ 8.40
Central Telephone Company	$ 21.32	$ 8.36	$ 21.83	$ 8.57	$ 22.34	$ 8.77	$ 22.84	$ 8.97	$ 23.36	$ 9.18	$ 23.86	$ 9.37	$ 24.38	$ 9.59	$ 24.88	$ 9.79
Citizens Telephone Company													$ 25.11	$ 9.91		
Concord Telephone Company (b)																
Continental Tel. Co. of North Carolina (c)									$ 43.60	$ 17.45			$ 44.65	$ 17.80		
Ellerbe Telephone Company					$ 20.40	$ 10.68										
General Telephone Company of Southeast																
Heins Telephone Company																
Lexington Telephone Company																
Mebane Home Telephone Company																
North State Telephone Company (d)			$ 6.41	$ 3.16												
Pineville Telephone Company			$ 9.80	$ 4.75												
Randolph Telephone Company																
Sandhill Telephone Company																
Southern Bell Telephone Company													$ 29.54	$ 10.93		
Class C & D																
Barnardsville Telephone Company	$ 15.30	$ 9.30														
Continental Tel. of Virginia																
Saluda Mountain Telephone Company (e)	$ 8.75	$ 5.93														
Service Telephone Company									$ 18.10	$ 7.35						

	11,201-16,000		16,001-22,400		22,401-32,000		32,001-44,800		44,801-64,000		64,001-89,600		89,601-up	
Class A & B	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.
Alltel Carolina Telephone Company					$ 39.14	$ 15.66							$ 40.11	$ 16.04 (f)
Carolina Telephone Company	$ 20.79	$ 8.64	$ 21.42	$ 8.94	$ 22.05	$ 9.18	$ 22.68	$ 9.47	$ 23.31	$ 9.71	$ 23.94	$ 10.00	$ 24.67	$ 10.30
Central Telephone Company	$ 25.40	$ 9.99	$ 25.90	$ 10.20	$ 26.42	$ 10.40	$ 26.92	$ 10.61	$ 27.43	$ 10.81	$ 27.94	$ 11.01	$ 28.45	$ 11.22
Citizens Telephone Company														
Concord Telephone Company			$ 20.01	$ 7.48	$ 20.69	$ 7.82	$ 21.37	$ 8.11	$ 23.85	$ 8.75	$ 26.23	$ 9.43		
Continental Tel. Co. of N.C.	$ 45.70	$ 18.25			$46.75	$18.70	$48.48	$ 19.35						
Ellerbe Telephone Company														
General Telephone Company of Southeast														
Heins Telephone Company	$ 15.49	$ 6.17												
Lexington Telephone Company					$ 20.06	$ 8.01								
Mebane Home Telephone Company	$ 22.34	$ 8.89												
North State Telephone Company									$ 9.18	$ 4.32				
Pineville Telephone Company														
Randolph Telephone Company													$ 21.27	$ 8.45
Sandhill Telephone Company (g)			$ 10.77	$ 5.72	$ 14.50	$ 6.74								
Southern Bell Telephone Company	$ 30.28	$ 11.21	$ 31.08	$ 11.51	$ 31.77	$ 11.79	$ 32.58	$ 12.13	$ 33.50	$ 12.47	$ 34.30	$ 12.82	$ 35.15 $ 36.14 $ 37.30	$ 13.11 (h) $ 13.40 (i) $ 13.75 (j)
Class C & D														
Barnardsville Telephone Company														
Continental Tel. Co. of Virginia													$ 22.34	$ 12.38
Saluda Mountain Telephone Company														
Service Telephone Company														

(a) "Calling Scope" is the number of main station telephone and PBX trunks that can be called without paying a toll charge. The above rates are applicable to customers being served from exchanges having a total number of main stations and PBX trunks within the ranges indicated.

(b) The rate groupings for Concord Tel. Co. are (Less than 25,000), (25,001-35,000), (35,001-45,000), (45,001-55,000), and (55,001-up).

(c) The rate groupings for Continental Tel. Co. of N.C. are (0-4,000), (4,001-8,000), (8,001-16,000), (16,001-32,000), (32,001-up). The order approving the merger and name change of Western Tel. Co. and Westco Tel. Co. To Continental Tel. Co. of N.C. was dated 12/12/79.

(d) The first rate grouping for North State Tel. Co. is for the Randleman Exchange Area (0-2,300). The second rate grouping for North State Tel. Co. is for the High Point/Thomasville Exchange Area (0-66,000).

(e) There is only one rate grouping for Saluda Mountain Tel. Co. (0-1,000).

(f) This rate is for the group (30,000-150,000).

(g) Sandhill Tel. Co. rates are grouped (0-20,000) and (20,001-up).

(h) This rate is for the group (80,000-110,000).

(i) This rate for Southern Bell is for the group (110,001-150,000).

(j) This rate for Southern Bell is for the group (150,001-up).

FIGURE NO. 6-5

NORTH CAROLINA TELEPHONE RATES VS. U.S. AVERAGE MONTHLY TELEPHONE RATES

At December 31	North Carolina Average Monthly Telephone Bills For All Customers Local Telephone Service(a)	U.S. Average Monthly Telephone Bills For All Customers Local Telephone Service (b)
1977	$17.19	$18.29
1978	$17.89	$19.22
1979	$18.01	$20.09
1980	$19.78	$21.58
1981 (c)	$22.41	$24.70
1977-1981 % Change	30.4%	35.0%
1982	$24.40	$26.79
1983	$25.48	$27.40
1984	$22.37 (d)	$23.22
1985 (e)	$22.64	$23.81
1982-1985 % Change	(7.2%)	(11.1%)
1984-1985 % Change	1.2%	2.5%

(a) Average local service revenue per access line.

(b) This number was calculated with information obtained from Moody's Public Utility Manual (1984) and United States Telephone Association Telephone Statistics.

(c) For the years 1977-1979, the total number of residential and business main lines for the 13 largest telephone companies were used to calculate the average monthly local telephone bills for local service. For 1980-1981, 12 of the largest telephone companies were used to calculate this figure.

(d) As a result of the divestiture, the lease revenue from nonregulated terminal equipment was not included in local service revenues for 1984-1985.

(e) For the years 1982-1983, the total number of residential and business access lines of the 11 largest telephone companies were used to calculate the average monthly local telephone bills for local service. For 1984-1985, 12 of the largest telephone companies were used.

FIGURE NO. 6-6

NORTH CAROLINA INTRASTATE TELEPHONE TOLL RATES IN EFFECT JANUARY 1, 1987*

RATE MILEAGE	DAY	
	INITIAL 1 MINUTE	EACH ADDITIONAL MINUTE
0-10	$ .17	$ .11
11-16	.21	.14
17-22	.24	.17
23-30	.28	.19
31-40	.41	.25
41-55	.46	.28
56-70	.47	.31
71-124	.50	.34
125-196	.52	.36
197-292	.55	.38

Additional Charges

The following charges are in addition to the Basic Rate Table above when the call is placed using the following operator services:

a. STATION	Charge Per Call
(a) Customer Dialed Credit Card	$ .50
(b) All other	1.25
b. PERSON	
(a) All calls	$2.50

Rate Discounts and Application Periods

	MON	TUES	WED	THURS	FRI	SAT	SUN
8:00 AM to 12:00 Noon	Day Rate Period FULL RATE						
12:00 Noon to 1:00 PM	Daytime Savings Rate Period 25% Discount						
1:00 PM to 5:00 PM	Day Rate Period FULL RATE						
5:00 PM to 11:00 PM	Evening Rate Period 25% Discount						Eve. 25%
11:00 PM to 8:00 AM	Night & Weekend Rate Period 50% Discount						

DISCOUNTS

Discounts apply equally to total charges for all messages with total fractional amounts rounded down to the lower cent. Discounts do not apply to add on charges for Customer Dialed Credit Card, Other Operator Station or Person Charges.

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*These rates are in effect for Southern Bell Tel. & Tel. Company in North Carolina.

FIGURE NO. 6-7

CHARGES FOR VARIOUS TELEPHONE INSTALLATION SERVICES IN EFFECT JANUARY 1, 1987

	Carolina (2)		Citizens		Southern Bell (3)	
	Residence	Business	Residence	Business	Residence	Business
Service Order	$ 18.26	$ 22.97	$ 15.93	$ 24.38	$ 27.50	$ 41.25
Premises Visit	5.92	9.23	7.58	7.58	10.25	10.25
Central Office Work	5.10	5.34	7.28	7.96	15.25	21.25
Inside Wiring	11.27	14.71	5.83	7.28	--	--
Jack	6.80	6.80	4.47	4.47	--	--
Equipment Work	5.34	11.90	4.23	5.97	--	--
Totals (1)	$ 52.69	$ 70.95	$ 45.32	$ 57.64	$ 53.00	$ 72.75

	Heins		Ellerbe		Cont. Tel. of N.C. (4)	
	Residence	Business	Residence	Business	Residence	Business
Service Order	$ 18.45	$ 22.34	$ 11.66	$ 13.60	$ 22.33	$ 22.33
Premises Visit	7.78	8.75	4.86	5.83	6.80	6.80
Central Office Work	4.86	5.83	2.91	2.91	21.36	21.36
Inside Wiring	9.72	13.60	3.89	6.80	17.48	40.78
Jack	--	--	1.94	1.94	2.92	2.92
Equipment Work	4.86	6.81	1.94	1.94	13.60	13.60
Totals*	$ 45.67	$ 57.33	$ 27.20	$ 33.02	$ 84.49	$107.79

(1) These are typical charges made for the installation of one main station at a new location.
(2) These charges have been in effect since November 11, 1985.
(3) These charges have been in effect since January 1, 1987.
(4) These charges have been in effect since May 16, 1985.

FIGURE NO. 6-8

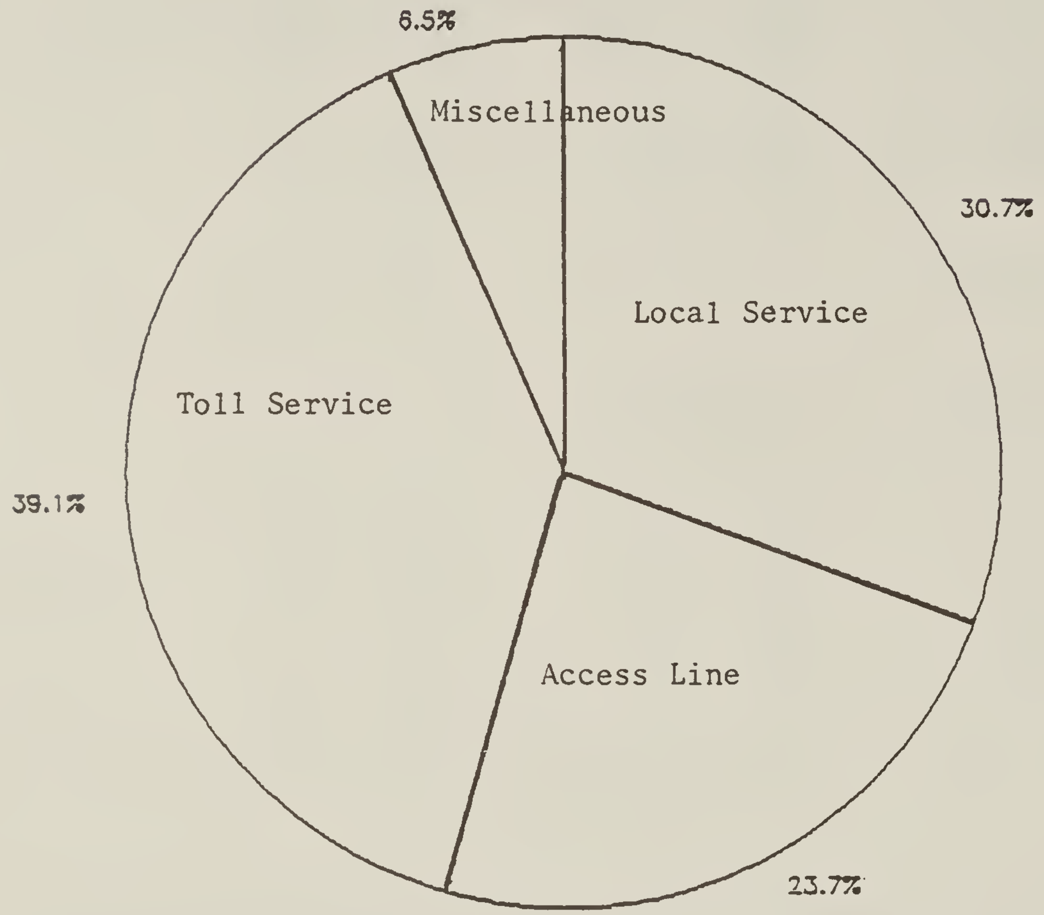
GENERAL RATE INCREASES APPROVED FOR TELEPHONE COMPANIES
FOR THE YEAR ENDED DECEMBER 31, 1985

Company	Date Filed	Docket Number	Amount Requested (000s)	Amount Approved (000s)	% Approved of Amount Requested	Date Of Final Order
Continental Telephone Co. of N.C.	10-1-84	P-128, Sub 7	$2,532	$879	34.7%	5-1-85 Affirmed Order
Total			$2,532	$879	34.7%	

FIGURE NO. 6-9

SOURCE AND DISPOSITION OF THE REVENUE DOLLAR
TELEPHONE COMPANIES
NORTH CAROLINA OPERATIONS ONLY
1985

SOURCE



DISPOSITION

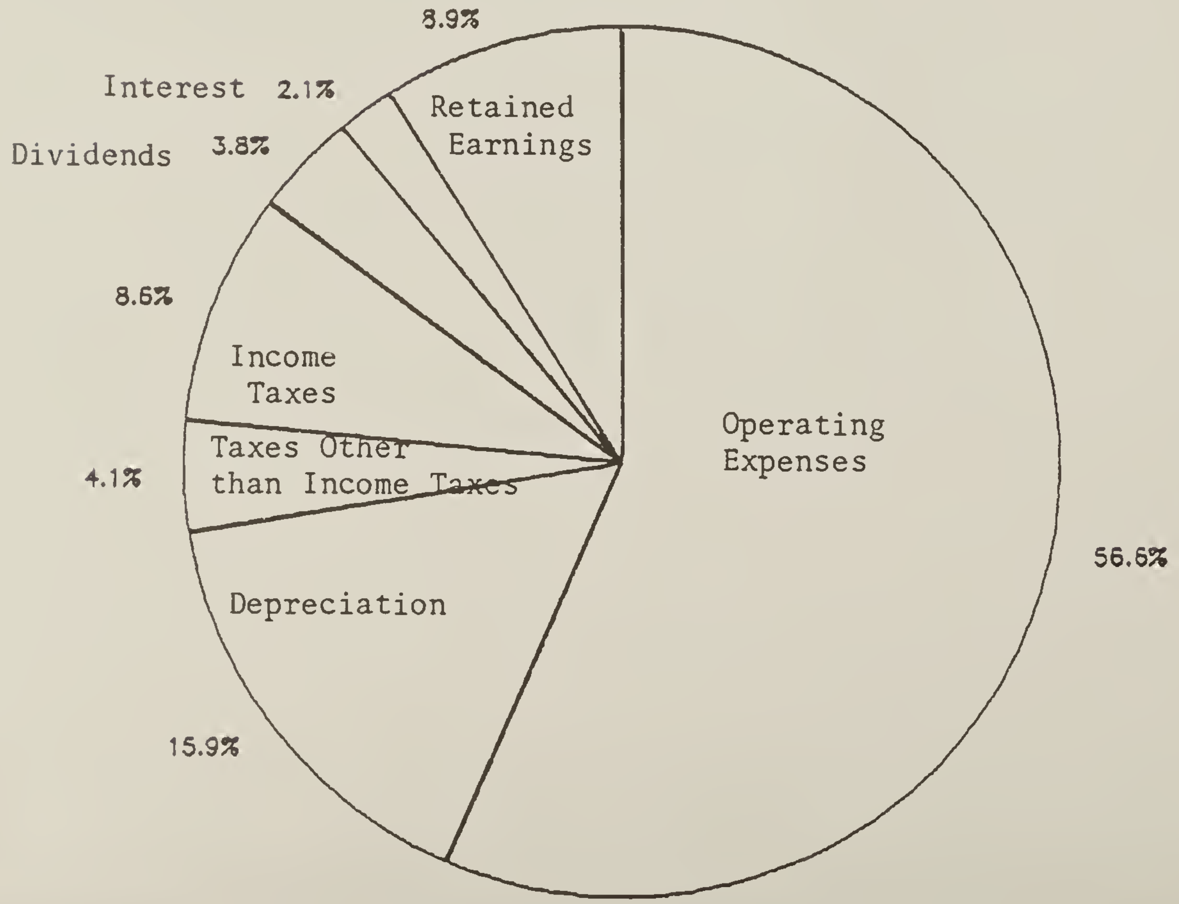


FIGURE NO. 6-10

TELEPHONE COMPANIES' PLANT INVESTMENT PER
ACCESS LINE WITH PERCENT INCREASE 1985 OVER 1984
(N.C. DATA ONLY)

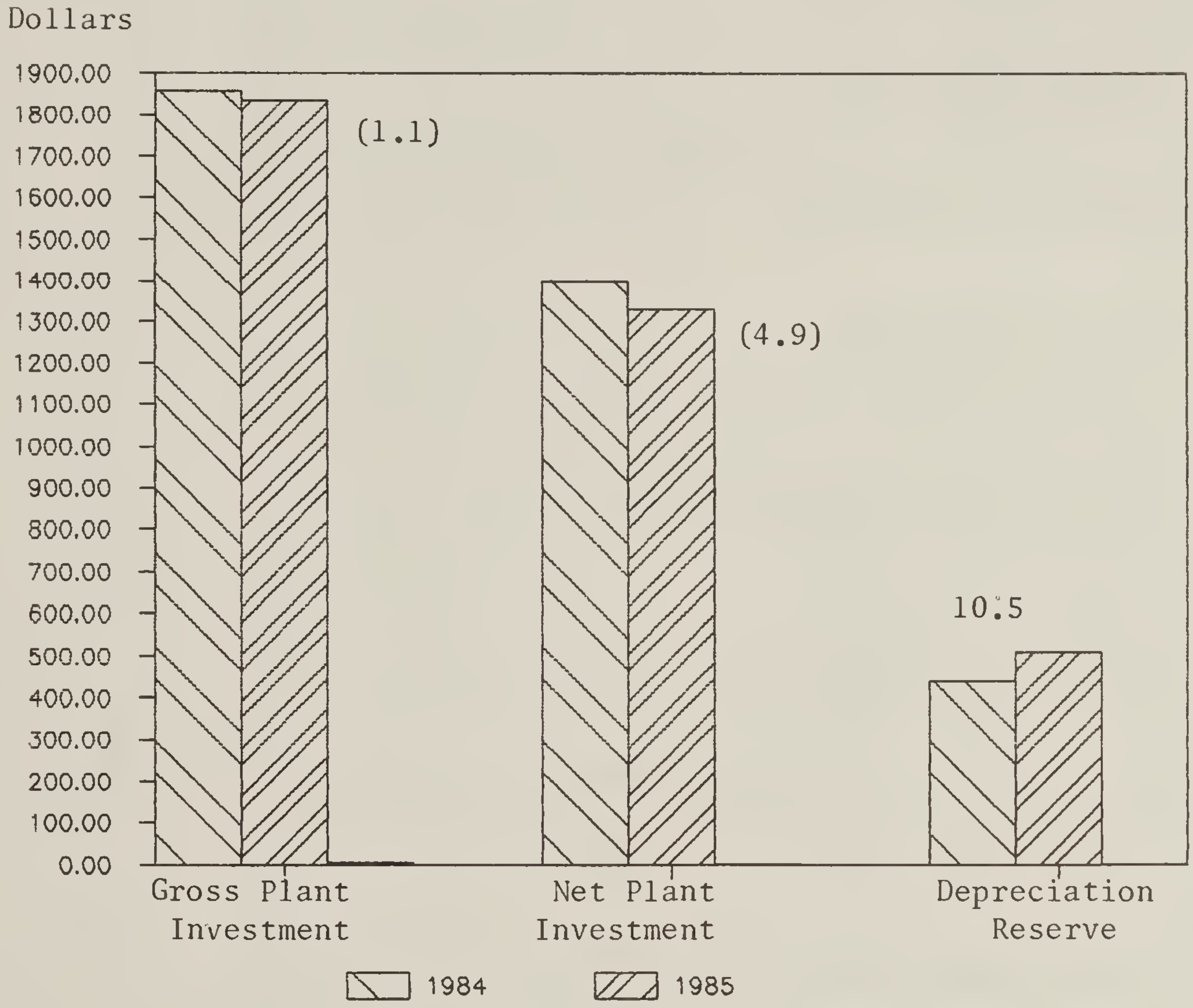


FIGURE NO. 6-11

GROSS AND NET TELEPHONE PLANT ALLOCATED TO NORTH CAROLINA OPERATIONS
For the Years Ended December 31, 1960, 1965, 1970, 1975, 1980, and 1981

	1960 Per Phone		1965 Per Phone		1970 Per Phone		1975 Per Phone		1980 Per Phone		1981 Per Phone		1980 ($000s) Total Plant		1981 ($000s) Total Plant		1981 vs 1980 % Change Per Phone	
Class A & B	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Carolina Tel. & Tel. Co[1] [8]	$ 513.52	$ 396.01	$ 556.81	$ 413.31	$ 680.30	$ 525.46	$ 820.89	$ 625.35	$ 971.34	$ 707.28	$ 1,080.72	$ 771.60	$ 924,468	$ 673,143	$ 983,949	$ 702,507	6.4	4.4
Central Telephone Co [2]	316.53	260.39	390.58	327.98	522.00	435.31	762.60	637.96	887.27	715.66	957.67	739.27	214,335	172,879	222,548	171,793	3.8	6
Citizens Telephone Co	329.67	266.91	571.56	504.86	776.13	635.82	892.07	655.20	1,085.12	743.15	1,164.10	809.22	17,327	11,866	19,243	13,376	11.1	12.7
Concord Telephone Co	257.23	202.84	334.96	255.36	423.13	308.78	545.97	395.38	616.70	409.80	614.99	395.78	57,810	38,415	59,889	38,541	3.6	3
Ellerbe Telephone Co	255.54	172.57	298.47	175.20	692.04	558.44	734.83	536.56	1,025.22	749.35	933.09	679.44	2,053	1,501	2,074	1,419	1.0	(5.5)
General Tel Co of the Southeast[3]	267.08	203.13	373.86	291.40	739.30	624.61	852.47	691.42	1,018.63	797.88	1,058.80	808.98	164,926	129,184	177,320	135,482	7.5	4.9
Heins Telephone Co	288.50	234.78	493.96	423.84	481.92	372.04	732.37	571.79	787.01	545.17	813.35	549.54	23,679	16,403	25,428	17,180	7.4	4.7
Lexington Telephone Co	296.62	219.02	364.05	255.03	533.50	406.36	629.94	465.22	722.19	507.36	735.99	504.07	20,817	14,625	21,987	15,058	5.6	3.0
Mebane Home Telephone Co	312.66	249.08	512.68	404.24	693.07	510.94	840.11	601.54	980.33	657.50	931.09	593.95	6,742	4,522	6,403	4,084	(5.0)	(9.7)
Mid-Carolina Telephone Co [4]	408.29	336.02	498.84	387.07	620.06	495.66	680.98	515.00	793.61	602.88	822.70	642.94	86,303	65,561	93,590	73,138	8.4	11.6
North State Telephone Co.	246.17	174.57	320.64	224.04	394.86	272.55	470.66	317.94	567.03	390.08	594.47	384.40	62,906	40,946	68,217	44,110	8.4	7.7
Pineville Telephone Co.[5]	—	—	—	—	—	—	—	—	715.93	532.33	795.29	579.00	1,558	1,159	1,738	1,265	11.6	9.1
Randolph Telephone Co	381.87	339.66	694.71	590.75	824.89	654.17	796.77	562.67	869.53	576.66	890.31	567.88	3,281	2,176	3,379	2,155	3.0	(1.0)
Sandhill Telephone Co.	307.32	227.47	445.62	323.25	586.88	400.88	622.20	367.70	702.82	424.65	962.36	669.20	3,672	2,219	5,178	3,600	41.0	62.0
Southern Bell Tel. & Tel. Co [6]	364.67	294.08	419.57	330.63	507.07	396.48	688.37	427.29	879.25	726.89	923.75	763.52	1,972,759	1,630,868	2,111,017	1,744,761	7.0	7.0
Westco Telephone Co.[9]	N/A	N/A	688.60	596.70	828.30	731.61	991.65	843.52	1,220.66	951.30	1,262.60	968.30	41,526	32,362	43,432	33,308	4.6	2.9
Western Carolina Tel. Co [7] [9]	451.24	360.17	542.67	411.53	831.06	728.96	1,047.94	926.71	1,212.69	966.66	1,301.59	1,110.84	69,824	55,658	75,194	64,174	7.7	15.3
Totals Class A & B	$ 375.91	$ 298.32	$ 442.36	$ 343.77	$ 561.60	$ 441.48	$ 722.32	$ 576.20	$ 896.34	$ 705.92	$ 953.56	$ 745.70	$ 3,673,986	$ 2,893,487	$ 3,920,586	$ 3,065,951	6.7	6.0
Class C & D																		
Barnardsville Telephone Co	$ 236.55	$ 191.39	$ 197.81	$ 139.07	$ 266.02	$ 167.45	$ 322.13	$ 226.67	$ 1,016.36	$ 925.34	$ 1,006.27	$ 896.24	$ 890	$ 811	$ 916	$ 816	2.9	6
Continental Tel. Co. of Virginia	328.02	200.29	1,353.02	1,157.81	870.64	724.34	946.89	764.08	1,071.37	881.60	1,098.63	871.77	484	398	510	405	5.4	1.8
Saluda Mountain Tel. Co	N/A	N/A	79.42	29.31	284.57	199.14	401.96	302.68	413.17	274.38	437.64	278.61	546	362	597	380	9.3	5.0
Service Telephone Co	342.67	302.13	317.18	231.85	417.71	301.35	955.67	811.33	724.21	536.56	709.93	525.23	1,058	784	1,060	785	2	1
Totals Class C & D	$ 217.72	$ 183.74	$ 265.67	$ 190.43	$ 393.83	$ 287.65	$ 639.90	$ 515.73	$ 724.76	$ 573.18	$ 728.59	$ 563.60	$ 2,978	$ 2,355	$ 3,083	$ 2,386	3.6	1.3
Grand Totals	$ 375.77	$ 298.22	$ 442.23	$ 343.65	$ 561.47	$ 441.36	$ 722.25	$ 576.15	$ 896.17	$ 705.79	$ 953.33	$ 745.51	$ 3,676,964	$ 2,895,842	$ 3,923,669	$ 3,068,337	6.7	6.0

[1] United Telephone Company of the Carolinas, Inc., merged with Carolina Telephone and Telegraph Company November 1, 1978. All figures for United Telephone Company of the Carolinas, Inc., for the period 1960-1978 are included in Carolina Telephone and Telegraph Company.

[2] Morris Telephone Company merged with Central Telephone Company November 4, 1965. All figures for Morris for 1975 and prior years are included in Central. Lee Telephone Company merged with Central March 6, 1973. All figures for Lee for 1973 and prior years are included in Central.

[3] General Telephone of North Carolina merged with General Telephone of the Southeast December 21, 1970. All figures for 1970 and prior years for General Telephone of North Carolina are included in General Telephone of the Southeast.

[4] Lilesville Telephone Company merged with North Carolina Telephone Company December 31, 1968, and Denton Telephone Company merged with North Carolina Telephone Company in 1970. Eastern Rowan, Mid-Carolina, Mooresville, and Thermal-Belt Telephone companies merged into Mid-Carolina Telephone Company December 10, 1973. All figures for merged companies are included in Mid-Carolina Telephone Company for years prior to 1974. Mid-Carolina Telephone Company, North Carolina Telephone Company, and Old Town Telephone System, Inc., were merged into Mid-Carolina Telephone Company September 30, 1977. All figures for merged companies for 1977 and prior years are included in Mid-Carolina Telephone Company.

[5] Pineville Telephone Company came under Commission jurisdiction January 1, 1976.

[6] Chapel Hill Telephone Company came under Commission jurisdiction January 1, 1973, and was sold to Southern Bell Telephone and Telegraph Company April 1, 1977. All figures for Chapel Hill Telephone Company for 1976 and prior years are included in Southern Bell.

[7] Cooleemee Telephone Company merged with Western Carolina Telephone Company January 11, 1967, and was sold to Yadkin Valley Telephone Membership Corporation May 16, 1978. All figures for Cooleemee for years prior to 1967 are included in Western Carolina.

[8] Norfolk & Carolina Tel. & Tel. Co. merged into Carolina Tel. & Tel. Co. December 27, 1979. All figures for Norfolk & Carolina prior to 1980 are included in Carolina Tel. & Tel. Co.

[9] Westco Telephone Co. and Western Carolina Tel. Co. were merged into Continental Telephone of North Carolina in November 1982.

N/A — Not Available

NOTE: Per phone data for all years shown is based on number of regular telephones (excluding service and private) in service at end of year.

FIGURE NO. 6-12

GROSS AND NET TELEPHONE PLANT ALLOCATED TO NORTH CAROLINA OPERATIONS*
For the Years Ended December 31, 1984, and 1985
(Dollars in Thousands)

	1984 Total Plant		1985 Total Plant		1984 Per Access Line		1985 Per Access Line		1985 vs. 1984 % Change per Access Line	
Class A & B	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
ALLTEL Carolina Tel. Co.	$125,841	$89,420	$134,620	$95,787	$1,745.56	$1,240.36	$1,728.60	$1,229.96	(1.0)	(0.8)
AT&T Communications, Inc.	213,234	163,189	175,098	118,272	N/Apl.	N/Apl.	N/APL.	N/APL.	N/APL.	N/Apl.
Carolina Telephone Co.	1,096,602	734,124	1,129,995	740,989	1,724.65	1,154.58	1,710.56	1,121.69	(0.8)	(2.8)
Central Telephone Co.	242,286	179,043	252,142	176,754	1,489.75	1,100.89	1,498.31	1,050.33	0.6	(4.6)
Citizens Telephone Co.	23,279	14,706	26,666	18,297	2,075.70	1,311.28	2,291.48	1,572.31	10.4	19.9
Concord Telephone Co.	66,700	38,462	74,313	43,044	1,037.76	598.42	1,129.07	653.99	8.8	9.3
Continental Tel. Co. of North Carolina	155,309	121,764	163,403	127,826	2,196.48	1,722.07	2,224.87	1,740.46	1.3	1.1
Ellerbe Telephone Co.	2,392	1,462	2,652	1,614	1,686.88	1,031.03	1,837.84	1,118.50	8.9	8.5
General Tel. Co. of South	307,306	247,940	280,810	225,850	2,688.50	2,169.13	2,345.42	1,886.37	(12.8)	(13.0)
Heins Telephone Co.	29,044	17,859	30,875	18,165	1,456.93	895.86	1,501.34	883.30	3.0	(1.4)
Lexington Telephone Co.	27,055	17,712	29,491	18,485	1,351.53	884.80	1,405.81	881.16	4.0	(0.4)
Mebane Home Telephone Co.	6,986	3,905	7,229	3,780	1,379.54	771.30	1,373.81	718.36	(0.4)	(6.9)
North State Telephone Co.	82,632	47,370	88,210	47,633	1,136.87	651.73	1,169.54	631.54	2.9	(3.1)
Pineville Telephone Co.	1,895	1,274	1,895	1,274	1,874.38	1,260.14	1,766.08	1,187.33	(5.8)	(5.8)
Randolph Telephone Co.	3,835	2,339	4,116	2,509	1,448.81	883.64	1,500.00	914.36	3.5	3.5
Sandhill Telephone Co.	5,592	4,260	5,814	4,212	1,765.71	1,345.12	1,755.43	1,271.74	(0.6)	(5.5)
Southern Bell Tel. & Tel.	2,340,857	1,873,927	2,437,057	1,858,436	1,815.96	1,453.73	1,834.67	1,399.07	1.0	(3.8)
Total: Class A & B	$4,730,845	$3,558,756	$4,844,386	$3,502,927	$1,858.11	$1,397.75	$1,837.41	$1,328.62	(1.1)	(4.9)
Class C & D										
Barnardsville Telephone Co.	$1,118	$875	$1,146	$844	$1,485.76	$1,160.48	$1,461.73	$1,076.53	(1.4)	(7.2)
Continental Tel. Co. of Virginia	876	666	773	569	2,342.25	1,780.75	1,908.64	1,404.94	(18.5)	(21.1)
Saluda Mountain Tel. Co.	751	402	823	425	720.73	385.80	764.16	394.61	5.7	2.3
Service Telephone Co.	1,271	806	1,315	783	1,447.61	918.00	1,480.86	881.76	2.3	(3.9)
Total: Class C & D	$4,016	$2,749	$4,057	$2,621	$1,317.59	$901.90	$1,286.30	$831.01	(2.4)	(7.9)
Grand Totals	$4,734,861	$3,561,505	$4,848,443	$3,505,548	$1,857.46	$1,397.16	$1,836.76	$1,328.02	(1.1)	(4.9)

*Gross plant includes plant under construction and held for future telephone use.

FIGURE NO. 6-13
TELEPHONE COMPANIES
SUMMARY OF SELECTED DATA--INCOME STATEMENT, BALANCE SHEET, AND STATISTICAL ITEMS
For the Calendar Years 1965, 1970, 1975, 1980, 1984, 1985
(N.C. Data Only Unless Otherwise Noted) (Dollars in 000s)

	1965	1970	1975	1980	1984	1985	% Change More (Less) 1985-1984
Number of Companies Regulated	32	29	26	22	21	21	
Number Included in this Data	32	29	25	22	21	21	
Income Statement:							
Revenues:							
Local Service Revenues	$103,540	$168,708	$314,135	$508,105	$665,970	$717,080	7.7
Access Revenues	0	0	0	0	440,387	553,559	25.7
Toll Service Revenues	86,630	163,506	326,870	648,251	854,686	913,001	6.8
Misc. Revenues less Uncollectibles	7,613	11,046	18,412	42,303 (a)	123,804	153,009	23.6
Total Operating Revenues	$197,783	$343,260	$659,417	$1,198,659	$2,084,847	$2,336,649	12.1
Expenses:							
Maintenance	$31,723	$58,878	$125,222	$255,556	$339,791	$373,289	9.9
Depreciation	32,057	55,898	107,434	203,084	295,035	371,624	26.0
Traffic	21,268	35,179	53,066	62,355	74,306	106,823	43.8
Commercial			40,847	88,775	150,043	174,489	16.3
General Office Salaries & Expenses			25,746	56,269	103,263	129,604	25.5
Other Expenses	37,299	65,239	44,109	90,941	484,097	538,291	11.2
Total Operating Expenses Before Taxes	$122,347	$215,194	$396,424	$756,980	$1,446,535	$1,694,120	17.1
State Taxes:							
State Unemployment					$932	$516	(44.6)
State Income	$3,377	$4,451	$8,060	$14,397	23,405	27,259	16.5
State Property	5,826	11,776	22,573	31,596	29,729	30,697	3.3
State Gross Receipts	9,152	14,968	29,208	51,882	71,511	42,579	(40.5)
Other State Taxes			269	467	29,509	803	(97.3)
Total State Taxes	$18,355	$31,195	$60,110	$98,342	$155,086	$101,854	(34.3)
Federal Taxes:							
Income Taxes	$19,564	$30,529	$12,702	$22,049	$104,374	$113,601	8.9
Investment Tax Credits	1,763	1,093	17,650	31,643	9,600	12,361	28.8
Deferred Accelerated Depreciation	(277)	(976)	30,231	38,112	58,293	48,414	(16.9)
Federal Unemployment					149	434	191.3
Other Taxes			10,405	20,344	(9,730)	21,203	N/A
Total Federal Taxes	$21,050	$30,646	$70,988	$112,148	$162,686	$196,013	20.5
Total State & Federal Taxes	$39,405	$61,841	$131,098	$210,490	$317,772	$297,867	(6.3)
Total Operating Expenses	$161,752	$277,035	$527,522	$967,470	$1,764,307	$1,991,987	12.9
Net Operating Income	$36,031	$66,225	$131,895	$231,189	$320,540	$344,662	7.5
Other Income or Expense:							
Interest Charged to Construction			$4,958	$4,063	$7,707	$5,961	(22.7)

(a) This figure includes $922 of net rent from/for lease of operating property.

FIGURE NO. 6-13 CONTINUED

TELEPHONE COMPANIES

SUMMARY OF SELECTED DATA--INCOME STATEMENT, BALANCE SHEET, AND STATISTICAL ITEMS
For the Calendar Years 1965, 1970, 1975, 1980, 1984, 1985
(N.C. Data Only Unless Otherwise Noted) (Dollars in 000s)

	1965	1970	1975	1980	1984	1985	% Change More (Less) 1985-1984
Other Income			$9,260	$14,049	$29,913	$26,081	12.8
Deductions from Income					12,083	4,405	(63.5)
Total Other Income or Expense			$16,193	$20,092	$25,537	$27,637	8.2
Fixed Charges:							
Interest on Funded Debt			$55,239	$88,110	$99,158	$100,685	1.5
Other Fixed Charges					12,378	13,596	9.8
Total Fixed Charges			$55,239	$88,110	$111,536	$114,281	2.5
Extraordinary & Delayed Items (Net)					$549	$647	17.9
Net Income	$36,031	$66,225	$92,849	$163,171	$235,090	$258,665	10.0
Balance Sheet:							
Assets:							
Telephone Plant in Service	$690,389	$1,270,005	$2,244,307	$3,566,961	$4,636,453	$4,744,491	2.3
Less Depreciation Reserve	153,896	271,675	466,752	781,122	1,173,356	1,342,895	14.4
Net Telephone Plant in Service	$536,493	$998,330	$1,777,555	$2,785,839	$3,463,097	$3,401,596	1.8
Telephone Plant Under Construction & Held for Public Use			63,021	110,003	98,408	103,952	5.6
Total Net Telephone Plant	$536,493	$998,330	$1,840,576	$2,895,842	$3,561,505	$3,505,548	(1.6)
Investments & Funds:							
Investments in Affiliated Companies					$85,778	$92,507	7.8
Advances to Affiliated Companies					3,065	4,024	31.3
Other Investments					11,994	16,239	35.4
Miscellaneous Physical Property					6,439	5,295	(17.8)
Total Investments & Funds					$107,276	$118,065	10.1
Current Assets:							
Cash					($5,070)	$12,929	N/A
Special Cash Deposits					510	716	40.4
Working Funds					683	513	(24.9)
Temporary Cash Investments					48,620	71,553	47.2
Notes Receivable					369	19,205	5,104.6
Due from Customers and Agents					201,104	216,632	7.7
Accounts Receivable from Affiliated Companies					3,614	6,802	88.2
Other Accounts Receivable					147,543	151,277	2.5
Interest & Dividends Receivable					405	740	82.7
Materials & Supplies					44,619	42,310	(5.2)
Other Current Assets					21,807	22,196	1.8
Total Current Assets					$464,204	$544,873	17.4
Prepaid Accounts & Deferred Charges					$34,271	$30,982	(9.6)
Total Assets					$4,167,256	$4,199,468	0.8

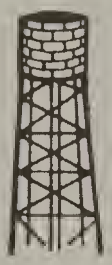
FIGURE NO. 6-13 CONTINUED
TELEPHONE COMPANIES
SUMMARY OF SELECTED DATA--INCOME STATEMENT, BALANCE SHEET, AND STATISTICAL ITEMS
For the Calendar Years 1965, 1970, 1975, 1980, 1984, 1985
(N.C. Data Only Unless Otherwise Noted) (Dollars in 000s)

	1965	1970	1975	1980	1984	1985	% Change More (Less) 1985-1984
Stockholder's Equity & Liabilities:							
Stockholder's Equity:							
Capital Stock					$894,334	$947,847	6.0
Premium on Capital Stock					68,214	109,712	60.8
Other Capital					53,559	53,200	0.7
Unappropriated Retained Earnings					506,567	576,586	13.8
Retained Earnings Reserved					0	586	N/A
Total Stockholder's Equity					$1,522,674	$1,687,931	10.9
Capital Stock Expense					0	160	N/A
Total Stockholder's Equity					$1,522,674	$1,687,771	10.8
Long-Term Debt:							
Funded Debt (Actually Outstanding)					$1,083,074	$1,095,090	1.1
Other Long-Term Debt					100,835	114,241	13.3
Total Long-Term Debt					$1,183,909	$1,209,331	2.1
Current & Accrued Liabilities:							
Accounts Payable to Affiliated Companies					$28,819	$47,952	66.4
Other Accounts Payable					239,316	212,036	11.4
Customer Deposits					18,584	19,636	5.7
Advance Billing & Payments					30,830	35,335	14.6
Other Current Liabilities					93,409	119,011	27.4
Taxes Accrued					59,072	61,672	4.4
Unmatured Interests, Dividends, & Rents Accrued					35,469	35,781	0.9
Total Current & Accrued Liabilities					$505,499	$531,423	5.1
Deferred Credits & Operating Reserves					$955,174	$770,943	(19.3)
Total Stockholder's Equity & Liabilities					$4,167,256	$4,199,468	0.8
Statistics (N.C. Only):							
Telephones in Service--Year End							
Residential Phones	1,154,426	1,677,502	2,406,878	3,104,066	1,958,805	2,015,374	2.9
Business Phones	255,532	341,009	450,880	578,045	538,399	563,854	4.7
Coin Operated, PBX Units, & Special Services Phones	178,416	272,202	378,041	457,612	51,901	60,450	16.5
Grand Total of all Telephones in Service	1,588,374	2,290,713	3,235,799	4,139,723	2,549,105	2,639,678 (a)	3.6
Average Number of Calls per Telephone: (Class A & B Only)							
Local	2,131	2,101	1,978	1,710	2,669 (b)	2,736 (b)	2.5
Toll	63	85	113	198	326	394	20.9

(a) For the years 1984 and 1985, the total number of access lines are used instead of the total number of telephone in service.
(b) Information was available for nine of the telephone companies operating in North Carolina.

FIGURE NO. 6-13 CONTINUED
TELEPHONE COMPANIES
SUMMARY OF SELECTED DATA--INCOME STATEMENT, BALANCE SHEET, AND STATISTICAL ITEMS
For the Calendar Years 1965, 1970, 1975, 1980, 1984, 1985
(N.C. Data Only Unless Otherwise Noted) (Dollars in 000s)

	1965	1970	1975	1980	1984	1985	% Change More (Less) 1985-1984
Total Average Number of Employees	12,324	17,791	19,461	21,678	17,170	16,523	(3.8)
Total Wages & Benefits Paid Employees (000s)	$68,423	$121,531	$221,163	$404,832	$458,157	$474,053	3.5
Average Annual Wages & Benefits Paid Employees (Actual Dollars)	$5,552	$6,831	$11,364	$18,675	$26,683	$28,691	7.5



VII. Water And Sewer Companies

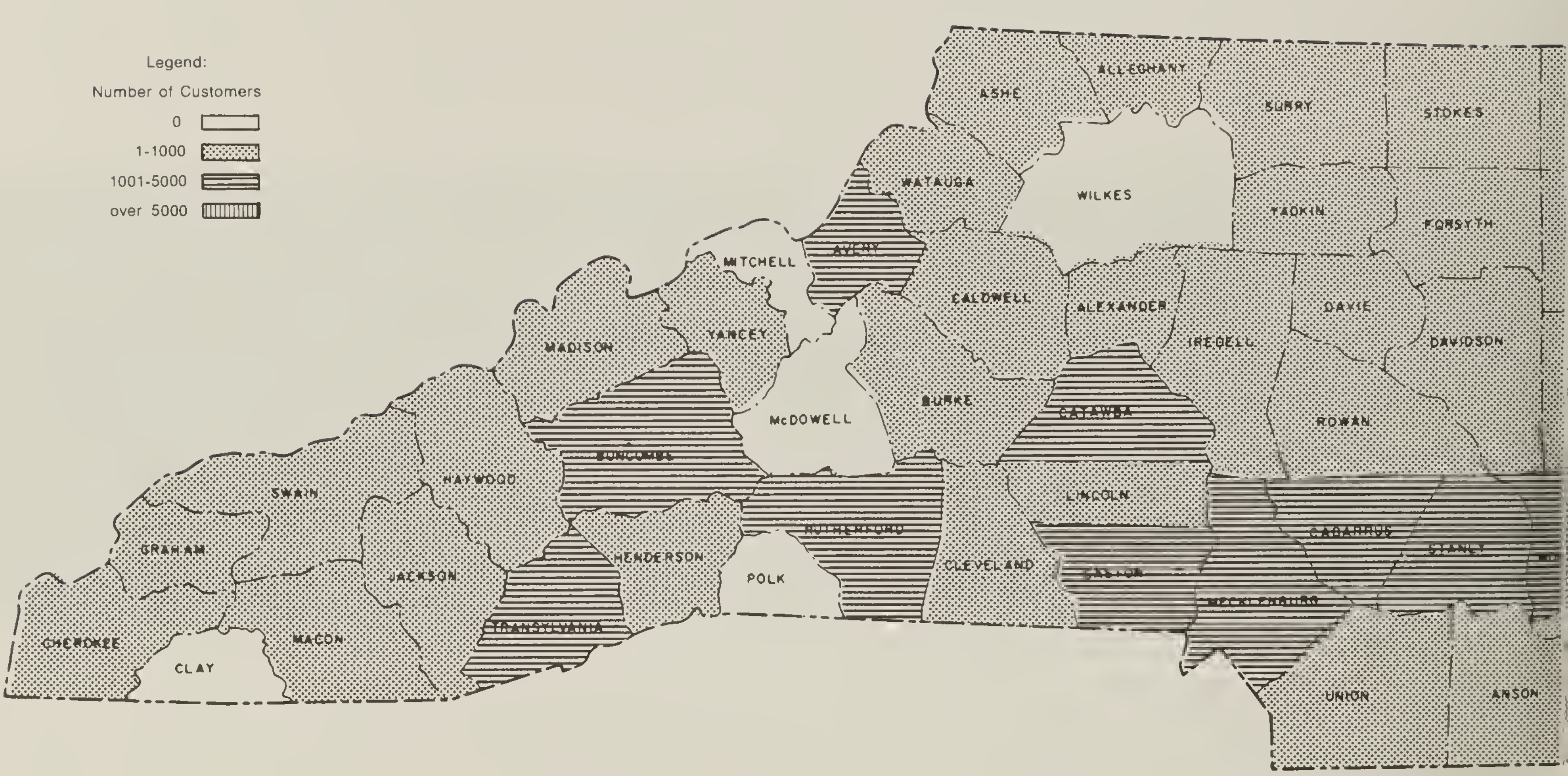


FIGURE NO. 7-1

Distribution of Customers
Served by
REGULATED WATER & SEWER UTILITIES

1986

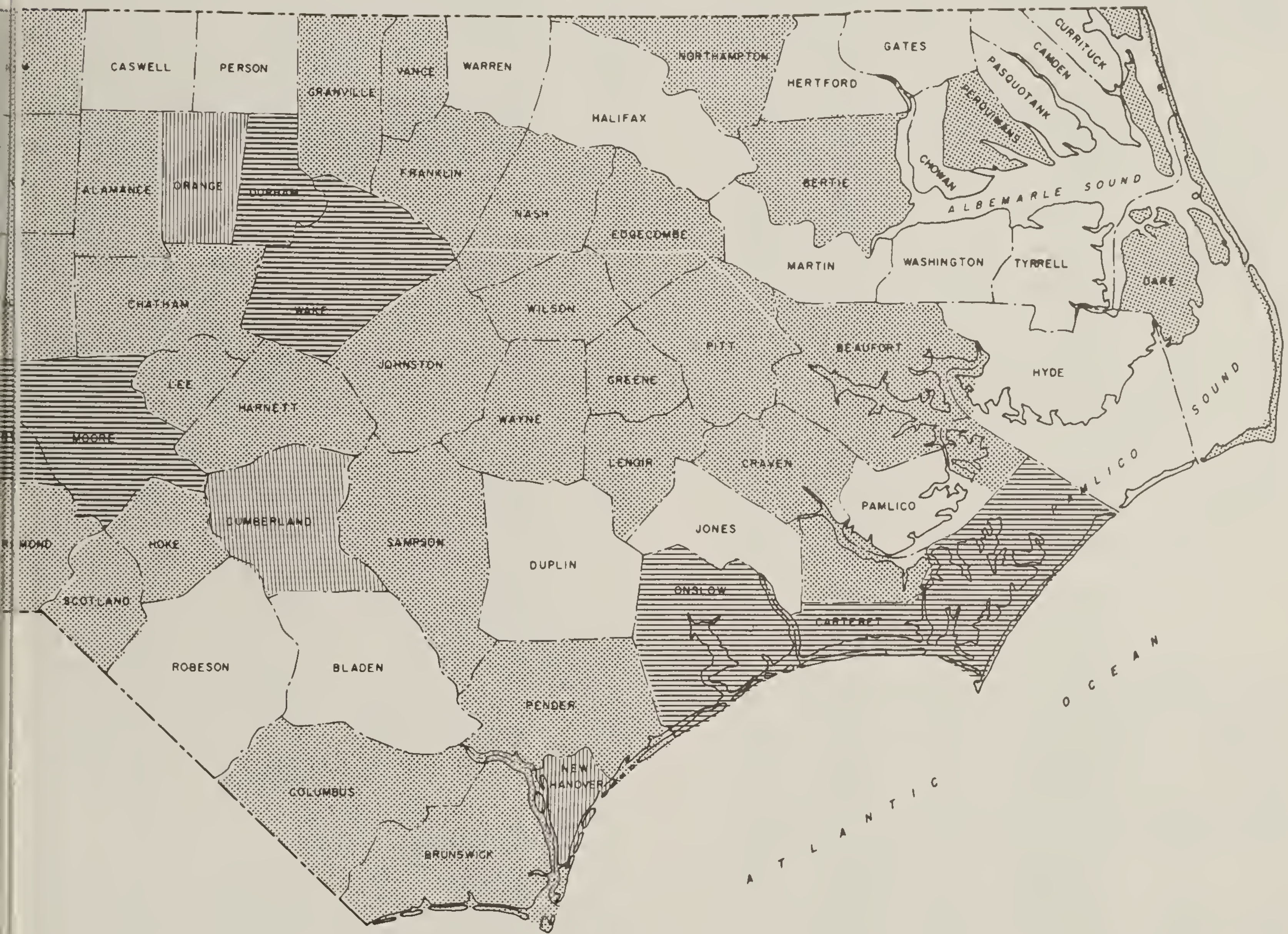

CASWELL
PERSON
GRANVILLE
VANCE
WARREN
NORTHAMPTON
GATES
HERTFORD
CURRITUCK
CAMDEN
PASQUOTANK
PERQUIMANS
HALIFAX
ALAMANCE
ORANGE
DURHAM
FRANKLIN
CHOWAN
ALBEMARLE SOUND
BERTIE
NASH
EDGECOMBE
MARTIN
WASHINGTON
TYRRELL
DARE
CHATHAM
WAKE
WILSON
JOHNSTON
LEE
HARNETT
PITT
BEAUFORT
GREENE
HYDE
MOORE
WAYNE
LENOIR
CRAVEN
PAMLICO
PAMLICO SOUND
MOND
HOKE
CUMBERLAND
SAMPSON
JONES
DUPLIN
ONSLOW
CARTERET
SCOTLAND
ROBESON
BLADEN
PENDER
NEW HANOVER
COLUMBUS
BRUNSWICK
ATLANTIC OCEAN

FIGURE NO. 7-2

DISTRIBUTION OF SYSTEMS AND CUSTOMERS OF ALL N.C. REGULATED WATER AND SEWER UTILITIES AS OF AUGUST 1, 1986

County	Number of Customers	Number of Systems
Alamance	189	5
Alexander	615	18
Alleghany	143	1
Anson	62	1
Ashe	264	6
Avery	2,550	8
Beaufort	159	3
Bertie	29	2
Bladen	0	0
Brunswick	1,108	7
Buncombe	741	15
Burke	194	8
Cabarrus	2,762	49
Caldwell	391	9
Camden	0	0
Carteret	2,962	13
Caswell	28	2
Catawba	4,410	90
Chatham	349	6
Cherokee	246	4
Chowan	0	0
Clay	0	0
Cleveland	430	8
Columbus	95	3
Craven	1,606	6
Cumberland	17,052	43
Currituck	0	0
Dare	166	1
Davidson	72	1
Davie	248	2
Duplin	0	0
Durham	885	12
Edgecombe	122	2
Forsyth	3,029	2
Franklin	1,049	13
Gaston	6,331	117
Gates	0	0
Graham	12	1
Granville	49	3
Greene	39	1
Guilford	182	5
Halifax	0	0
Harnett	805	12
Haywood	161	3
Henderson	521	9
Hertford	0	0
Hoke	112	2
Hyde	24	1
Iredell	1,049	27
Jackson	2,025	7
Johnston	306	6
Jones	0	0
Lee	1,000	4
Lenoir	1,111	5
Lincoln	184	2
Macon	215	3
Madison	345	1
Martin	0	0
McDowell	0	0
Mecklenburg	6,072	61
Mitchell	0	0
Montgomery	200	3
Moore	5,174	10
Nash	40	1
New Hanover	9,341	75
Northampton	23	1
Onslow	4,240	36
Orange	373	7
Pamlico	0	0
Pasquotank	0	0
Pender	62	3
Perquimans	781	1
Person	0	0
Pitt	648	5
Polk	20	1
Randolph	793	17
Richmond	3	1
Robeson	0	0
Rockingham	284	8
Rowan	1,188	26
Rutherford	5,973	10
Sampson	52	3
Scotland	1,016	11
Stanly	169	5
Stokes	362	2
Surry	916	30
Swain	11	1
Transylvania	6,233	9
Tyrrell	0	0
Union	1,296	8
Vance	33	1
Wake	7,870	148
Warren	0	0
Washington	0	0
Watauga	981	10
Wayne	940	7
Wilkes	0	0
Wilson	477	9
Yadkin	21	1
Yancey	23	1
Total	112,042	1,061

A. GENERAL COMMENTS

As of August 1, 1986, there were 1,061 regulated water and sewer systems in North Carolina owned by 386 companies. These are comprised of 940 water and 121 sewer systems. This shows an increase of about 5% in total systems from the previous year. The General Statutes of North Carolina provide in part that anyone owning or operating facilities for furnishing water and sewer service to the public for compensation is a public utility, except when such person's sole operation consists of selling water to fewer than ten residential customers. Specifically exempt from regulation under the statutes are municipalities, sanitary districts, and anyone who furnishes water or sewer service to himself, his tenants, or his employees. The statutes also exempt certain consumer-owned corporations.

Figure Nos. 7-1 and 7-2 show a map and, in chart form, the locations of the water and sewer systems by counties with the number of systems and customers in each county.

In 1985, approximately 88% of the regulated companies received less than $50,000 in annual revenues, and only six companies received more than $500,000. In 1984, 89% of the regulated companies received less than $50,000 in annual revenues, and only five companies received more than $500,000. Approximately 70% of the water and sewer companies served fewer than 100 customers in 1985 compared to 71% of the companies in 1984.

One of the major problems encountered in regulating small water and sewer utilities is the lack of keeping adequate records. Many small utility owners quite possibly subsidize operations for several years because their records, which are required for filing and justifying rate increases, are inadequate. As a result, of the 386 water and sewer companies franchised to operate in 1985, current statistical and operating data is only included for 243 companies. This data is found in Figure No. 7-3. For the other 143 companies, the most recent statistical data received by the Commission is presented in Figure No. 7-4. This noncurrent statistical data for the years 1976 through 1984 is included to illustrate the total scope of the regulated water and sewer industry in North Carolina.

The Commission has adopted a simplified (2-page) annual report which should encourage small utilities to maintain minimum records of their revenues and expenses. This should enable them to keep accurate records and provide them with the required information needed for general rate cases.

In 1985, approximately 51% of the customers of regulated water companies in North Carolina received metered service, and more than 50% were furnished water treated in some manner, usually by chlorination. In some systems water is treated with phosphates to control excess iron, and a few systems have filters for iron removal. Approximately 11% of the customers are served by water systems having fire protection capability. A few of the companies purchase water from municipalities for resale to their customers, but most of the companies supply water by means of deep wells.

B. COMMISSION ACTIVITIES

During 1985, applications for general rate increases were filed by 25 water and/or sewer companies. Thirty-three water and sewer companies filed for general rate increases in 1984. The Commission granted $1,740,000 of the $2,163,000 requested by the water and sewer companies in 1985.

Applications for new franchises totaled 63 in 1985, up 19 cases from 1984. There were 23 requests for transfers of franchises, down from 25 in 1984, and 35 miscellaneous proceedings which involved petitions to show cause, requests for emergency operators, applications for stock transfers, and formal complaints.

C. REGULATED VS. NONREGULATED MONTHLY CHARGES

Comparative monthly charges for residential water service between selected nonregulated municipal systems and regulated water systems in North Carolina are shown in Figure No. 7-8. This also shows the same comparable component for residential sewer service in North Carolina for the same period.

The Outside City Limits charges for municipal systems vary from 1 to 2 1/2 times the Inside City Limit rates.

D. STATISTICAL SUMMARY

The number of regulated utility companies furnishing water and sewer service in North Carolina was 386, an increase of 8 companies from 1984. These companies operated 940 water systems and 121 sewer systems within the State. They served 112,042 water and sewer customers and received $15,507,864 in annual revenues. See Figure No. 7-7 for a graphic presentation.

Of the 386 water and sewer companies regulated as of December 31, 1985, seven water companies and six water/sewer companies had records in sufficient detail to provide some comparative data to be developed for this report. The individual financial and statistical data for these 13 companies for the year 1985 is shown on Figure Nos. 7-5 and 7-6.

Caution should be used in applying the results of the data shown for these 13 companies to any specific situation. The data is taken directly from the annual reports without any adjustments. Experience has shown that the Commission usually makes substantial adjustmemts to the data filed by water and water/sewer companies for rate-making purposes. The adjustments are most frequently made to the plant accounts and the related depreciation expenses claimed against the plant investment. Most of the adjustments are downward to reflect the elimination of plant contributed or plant investment recovered by the developers or owners through the sales price of the lots in subdivisions. Often there are downward adjustments in both the plant account and in operation expenses due to the system's having unreasonably large unused customer capacity during the early stage of development. In view of these limitations, the average water usage and revenues per customer have the most valuable use for comparative or planning purposes.

FIGURE NO. 7-3

WATER AND SEWER COMPANIES REGULATED BY THE NORTH CAROLINA
UTILITIES COMMISSION--REVENUES, CUSTOMERS, NUMBER OF SYSTEMS
DATA AS OF AUGUST 1, 1986

Company	Docket Number	Annual Revenues Water	Annual Revenues Sewer	Number of Customers Water	Number of Customers Sewer	Number of Systems Water	Number of Systems Sewer
A & B Water Company	W-819	$0		21		1	
Acqua, Inc.	W-270	$7,925		100		1	
Allen Hills Water Company, Inc.	W-050	$6,480		47		1	
Altice Utilities	W-788	$6,068		57		1	
Anderson Creek Homes Water System	W-724	$16,444		198		1	
Anderson Creek Water Company	W-336	$2,002		67		1	
Anderson Water Supply	W-566	$2,056		30		1	
Associated Realty & Investment, Inc.	W-384	$6,199		79		1	
Associated Utilities, Inc.	W-303	$70,895	$76,727	585	479	3	3
Avalon Water System	W-382	$1,700		17		1	
Baker Water Services, Inc.	W-756	$809		3		1	
Bald Mountain Development Corporation	W-410	$34,452		345		2	
Barrier Grain Company	W-688	$2,608		17		1	
Bayview Water Works	W-565	$7,012		84		1	
Belmont Water Company, Inc.	W-393	$3,960		33		1	
Belvedere Utility Company	W-809	$4,237	$4,105	100	51	1	1
Bermuda Run Country Club, Inc.	W-707		$48,022		206		1
Big, Inc.	W-486	$11,009		80		3	
Billingsley, W.D. & J.T.	W-632	$5,100		35		1	
Birchwood Farms, Inc.	W-656	$7,160		98		1	
Bolick, Albert L.	W-430	$1,773		18		1	
Bradshaw Water Company	W-103	$4,274		52		1	
Brandywine Bay Utility Company	W-693	$11,642	$7,612	125	94	1	1
Brick Landing Utility Corporation	W-817		$0		0		1
Brightwater Water Department, Inc.	W-151	$8,630		103		1	
Brindle Well Drilling Company	W-228	$7,328		77		2	
Brookside Water Company	W-330	$2,132		37		1	
Brookwood Water Corporation	W-177	$401,025		3,929		29	
Browning Enterprises, Inc.	W-569	$7,946		57		1	
C N & H Corporation	W-685	$5,343		75		1	
Cape Fear Water Company, Inc.	W-232	$66,763		700		5	
Cape Fear Utilities, Inc.	W-297	$374,533	$158,702	2,339	724	33	9
Cardinal Estates Water System	W-701	$774		7		1	
Carolina Blythe Utility Company	W-503	$95,881	$132,170	1,172	1,172	1	1
Carolina Pines Country Club	W-341	$6,975		81		1	
Carolina Trace Corporation	W-436	$60,751	$61,015	498	441	1	1
Carolina Water Service, Inc. of North Carolina	W-354	$1,762,333	$801,968	10,685	4,328	55	17
Chimney Rock Water Works	W-102	$10,405		77		1	
Cleveland Water System, Inc.	W-301	$15,001		159		1	
Cliffdale Water Company	W-203	$20,225		194		1	
Cline, H.C. Building & Supply Company, Inc.	W-418	$5,078		47		1	
Coastal Plains Utilities Company	W-215	$109,801		607		3	
Community Water Works	W-316	$14,471		77		2	
Conner Homes Corporation	W-343	$4,963		46		1	
Consolidated Utilities, Inc.	W-332	$7,653		57		1	

FIGURE NO. 7-3 CONTINUED

Company	Docket Number	Annual Revenues		Number of Customers		Number of Systems	
		Water	Sewer	Water	Sewer	Water	Sewer
Corriher Water Service, Inc.	W-233	$111,903		1,067		20	
Crater Water System	W-185	$2,833		47		1	
Crestview Water Company	W-195	$38,987		357		1	
Crestview Water Systems, Inc.	W-325	$3,252		57		1	
Davis, Roy A. & Virginia B.	W-631	$3,947		38		1	
Dockery's Water Systems, Inc.	W-721	$12,684		133		2	
Dream Weaver Utilities, Inc.	W-786	$26,953		265		8	
Duchess Forest Water Supply	W-324	$4,745		75		1	
Duke Power Company	W-094	$1,804,214	$0	3,963	0	1	1
Duncan Water Company	W-483	$1,148		14		1	
Eagle Heights Utility Company	W-826	$289		10		1	
Economy Finance Company of Concord	W-528	$1,173		12		1	
Edwards Water System	W-134	$4,129		40		1	
Elk River Development Corporation	W-803	$41,324	$21,159	331	137	1	1
Eno Industrial Sewage Facility	W-763		$11,386		4		1
Evans, Leroy	W-594	$840		14		1	
F & H Water Company	W-545	$3,400		38		1	
Fairbrook Utilities	W-674	$1,080		18		1	
Falling Creek Water Company	W-590	$29,262		351		1	
Falls, Ralph L. Water Systems	W-268	$26,957		N/A		6	
Farmer, Arthur V.	W-506	$1,672		19		1	
Faw, Frances S. Water System	W-087	$8,170		130		1	
Fearington Utilities	W-661	N/A		245		2	
Finger, John R.	W-644	$3,528		37		1	
Flanders Filters, Inc.	W-542	$1,739		15		1	
Flat Mountain Estates Water System	W-726	$10,130		35		1	
Fleetwood Falls, Inc.	W-368	$10,538		86		1	
Foreman Water Supply	W-077	$2,532		36		1	
Forest Acres Water Company	W-626	$2,475		22		1	
Fox Fire Water System	W-725	$508		4		1	
Fox Ridge Owner's Association	W-762	$4,848		54		1	
G.G.C.C. Utility, Inc.	W-755	$30,854	$25,686	173	162	2	2
Gaither Water Company	W-621	$3,132		44		1	
Gallagher Trails, Inc.	W-603	$2,510		32		1	
Gaston Builders, Inc.	W-737	$3,937		37		1	
Genoa Water Systems, Inc.	W-321	$103,743		757		4	
Glynnwood Mobile Home Park	W-545	$4,834		88		1	
Goose Creek Utility Company	W-369	$44,635	$50,265	257	194	2	1
Goss Utility Company	W-457	$44,794		322		5	
Grandview Water Company, Inc.	W-183	$61,362		331		2	
Greenfield Heights Development Company, Inc.	W-205	$5,713		22		1	
Gresham's Lake Utility Company, Inc.	W-633	$40,978	$15,144	1,744	13	1	1
Grove Supply Company, Inc.	W-587	$2,117		36		2	
H & H Development Company	W-315	$5,474	$8,701	39	45	1	1
H & M Water Company, Inc.	W-147	$10,285		88		1	

FIGURE NO. 7-3 CONTINUED

Company	Docket Number	Annual Revenues Water	Annual Revenues Sewer	Number of Customers Water	Number of Customers Sewer	Number of Systems Water	Number of Systems Sewer
Hare, John E.	W-417	$2,753		16		1	
Harmony Heights Water Company	W-481	$11,198		92		1	
Harrco Utility Corporation	W-796	$4,056	$11,730	44	44	1	1
Hart Water Systems, Inc.	W-739	$20,521		149		1	
Harward's Realty & Insurance Company	W-710	$3,940		40		1	
Havelock Development Corporation	W-223	$25,425		175		1	
Hawkins, Paul T. Company, Inc.	W-550	N/A		310		2	
Hayden Vanderburg Enterprises, Inc.	W-761	$5,502		24		1	
Hazelwood Water Company, Inc.	W-749	$10,632		67		1	
Hefner Builders, Inc.	W-480	$125		16		2	
Hendrix Barnhill Company, Inc.	W-658	$4,146		37		1	
Hendrix Development Company, Inc.	W-616	$2,530		45		1	
Hensley Enterprises, Inc.	W-089	$256,709		1,816		32	
Heritage Water Company, Inc.	W-679	$15,959		102		1	
Hickory Hills Service Company, Inc.	W-460	$23,706		235		1	
High Hampton, Inc.	W-574	$8,148		69		1	
Holbrook, Mrs. M.L.	W-433	$2,264		26		1	
Holiday Island Property Owners Association	W-386	$66,991		263		1	
Hollandale Water Company	W-419	$3,382		29		1	
Holt, Edgar Lee	W-606	$1,224		17		1	
Homestead Community Water	W-452	$5,479		38		1	
Honeycutt, Wayne M.	W-472	$5,730		54		3	
Hoopers Valley Water Company	W-794	$3,949		50		1	
Huey, Wade	W-614	$900		15		1	
Hydraulics, Limited	W-218	N/A		N/A		24	
Ideal Mobile Home Park	W-748	$4,327		24		1	
J & H Water Company	W-686	$2,298		18		1	
Jackson, Harold L.	W-494	$855		15		1	
Jamestown Water Corporation	W-745	$11,186		100		1	
Jewell, A. Gordon	W-651	$3,520		32		1	
Joyceton Water Works, Inc.	W-004	$112,193		154		1	
Kannapolis Real Estate Agency, Inc.	W-025	$630		28		1	
Killian Water System	W-298	$2,249		29		1	
Kimberly Court Water System	W-350	$2,146		25		1	
Kings Grant Water Company	W-250	$146,914		1,625		1	
La Grange Waterworks Corporation	W-200	$414,890		3,186		9	
Lake Summit Corporation	W-058	$11,507		58		1	
Lamm, William M.	W-708	$1,800		15		1	
Lavan, Cora Jane	W-647	$2,322		30		1	
Lewis Water Company, Inc.	W-176	$20,906		270		10	
Lewis Water Systems	W-288	$12,855		139		1	
Linville Ridge	W-766	$13,697		198		1	
Lone Pine Water Company	W-451	$19,240		58		1	
Looper, Clark Russell	W-501	$1,941		17		1	
M & S Corporation	W-625	$12,627		89		1	

FIGURE NO. 7-3 CONTINUED

Company	Docket Number	Annual Revenues Water	Annual Revenues Sewer	Number of Customers Water	Number of Customers Sewer	Number of Systems Water	Number of Systems Sewer
M.D. Square, Inc.	W-338	$1,554		22		1	
McRee, William E.	W-562	$2,880		24		1	
Mackie, Martha H.	W-785	$3,240	$2,315	17	19	1	1
Mar Mann Limited	W-669	$5,728		48		1	
Marper, Inc.	W-770	$1,368		20		1	
Matlock, T.L., Jr.	W-624	$4,817		38		2	
Matthews, B.E. Construction Company, Inc.	W-641	$2,899		17		1	
Maxwell Water Company	W-339	$4,003		35		1	
Melmount Water Company	W-711	$1,275		20		1	
Mercer Environmental Corporation	W-198	$289,496	$134,177	1,594	526	11	3
Miller, R.B., Jr.	W-493	$2,150		49		3	
Millner Water Systems	W-695	$1,950		28		2	
Milstead Community Water System	W-718	$1,188		16		1	
Mineral Springs Mountain Water Supply	W-576	$7,349		30		1	
Mobile Hill Estates Water System	W-515	$3,864		42		1	
Montclair Water Co., Inc.	W-173	$378,529	$350,972	4,015	3,037	1	1
Morlan Park Water Company, Inc.	W-042	$2,300		30		1	
Moseley-Nash Water Corporation	W-475	$3,856		23		1	
Moss, James H.	W-760	$4,467		41		1	
Moss Hill Water Works	W-459	$7,239		52		1	
Mount Vernon Park Water System	W-072	$9,503		152		1	
Mulkey Homesites Water System	W-818	$2,550	$0	42	0	1	1
Niagara Water Company	W-059	$1,440		24		1	
North Crest Water System, Inc.	W-496	$3,772		36		1	
North Topsail Water & Sewer, Inc.	W-754		$167,647		616		2
Norwood Beach Water System	W-498	$7,697		59		2	
Oakmont Water Company	W-533	$6,169		42		1	
Oak Ridge Water Systems, Inc.	W-841	$1,719		4		1	
Oak Wood Water Company	W-655	$12,414		83		1	
Old Farm Water System, Inc.	W-568	$5,562		67		2	
Overhills Water Company	W-175	$37,426		292		2	
P & H Water Company, Inc.	W-257	$13,943		121		1	
Pate, Z.V., Inc.	W-067	$55,616		490		1	
Patterson, James D.	W-276	$3,057		28		1	
Paysours Water Works, Inc.	W-278	$7,381		92		1	
Pen Properties, Inc.	W-586	$6,272		68		1	
Piedmont Construction & Water Company, Inc.	W-262	$419,375		2,090		41	
Pine Valley Water Company, Inc.	W-242	$98,995	$41,079	584	250	1	1
Pinehurst Enterprises, Inc.	W-006	$297,665	$292,800	2,147	1,683	1	1
Pines Utilities, Inc.	W-822		N/A		N/A		1
Poplar Terrace Mobile Home Park	W-775	$1,732		15		1	
Propst Water Supply	W-291	$1,215		24		1	
Quality Water Supplies, Inc.	W-225	$208,271		1,412		14	
Raeford Plumbing and Heating Company	W-372	$2,645		20		1	
Ratchford, Brady W., Jr.	W-444	$5,992		48		1	
Ratchford, Lucius L.	W-421	$10,658		107		2	

FIGURE NO. 7-3 CONTINUED

Company	Docket Number	Annual Revenues		Number of Customers		Number of Systems	
		Water	Sewer	Water	Sewer	Water	Sewer
Regalwood Water Company	W-187	$13,229		136		1	
Ridgecrest Baptist Conference Center	W-071	$9,262		276		1	
River Hills, Inc.	W-461		$10,693		57		1
Riverbend Water System, Inc.	W-390	$19,143		84		1	
Riverview Water System	W-723	$3,486		32		1	
Riverview North Utilities	W-758	$9,301		69		1	
Rock Barn Water System	W-747	$12,131		67		1	
Rolling Springs Water Company, Inc.	W-313	$45,129	$4,745	389	64	4	1
Routh and Hennis, Inc.	W-497	$10,821		150		1	
Rush, Hurley B.	W-558	$2,565		31		1	
S & H Corporation of Wake County	W-806	$1,033		10		1	
SRME Water System	W-733	$5,476		51		1	
Sanders Water Company	W-532	$2,553		46		1	
Scotland Water Company	W-426	$26,061		215		4	
Sehorn Water Supply, Inc.	W-773	$3,580		75		1	
Sentry Utilites, Inc.	W-811	$0	$2,035	0	30	1	1
Shade Tree Acres Water System	W-455	$830		13		1	
Sherwood Forest Water System	W-646	$1,412		12		1	
Sherwood Forest Utility, Inc.	W-706	$31,306	$1,250	178	19	1	2
Silver Maples Mobile Estates	W-776	$2,861	$3,452	22	28	1	1
Skyland Drive Water System	W-642	$1,938		21		1	
Skyview Water System, Inc.	W-293	$7,484		68		1	
Smawley, Elon	W-333	$3,180		30		1	
Spring Hill Water Corporation	W-247	$2,956		17		1	
Spring Water Company	W-337	$35,694		262		3	
Springdale Water Company	W-406	$12,091	$6,801	64	36	1	1
Springs Industries, Inc.	W-650	$1,351	$987	35	32	1	1
Stony Brook Estates Water System	W-295	$5,138		30		1	
Sunset Park Utilities, Inc.	W-178	$15,945	$10,407	334	218	1	1
Superior Well Supply Company	W-524	$7,324		67		1	
Surry Water Company, Inc.	W-314	$179,608		918		25	
T.P.G. Utilities, Inc.	W-675	$8,027		49		1	
Tarlton Real Estate Corporation	W-657	$4,429		69		4	
Tarts Investment Corporation	W-741	$1,576		17		1	
Terres Bend Water System	W-821	$707		9		1	
TET Utility Company, Inc.	W-759	$10,929	$53,685	79	303	4	2
Transylvania Utility Company	W-378	$183,980	$109,495	3,096	1,810	1	1
Treasure Cove Water Company	W-445	$15,978		171		1	
Trexler Water System	W-505	$6,415		103		1	
Tulbert, Stephen E.		$1,440		11		1	
Turner, T.H. Farms, Inc.	W-687	$10,191		79		3	
Umstead Water Company	W-282	$19,762		37		1	
Valleydale Water Company	W-272	$5,101		46		1	
Vander Water Company, Inc.	W-488	$18,237		192		3	
Veterans Drive Community Water System, Inc.	W-118	$1,615		30		1	

FIGURE NO. 7-3 CONTINUED

Company	Docket Number	Annual Revenues Water	Annual Revenues Sewer	Number of Customers Water	Number of Customers Sewer	Number of Systems Water	Number of Systems Sewer
W & K Enterprises	W-611	$2,031		20		2	
W.P.K.S. Utilities, Inc.	W-659		$38,932		6		1
West Wilson Water Company	W-781	$6,598		45		1	
Western Utilities Corporation	W-229	N/A		N/A		2	
Westgate Utilities Company, Inc.	W-239	$707		8		1	
Whispering Pines Water Company	W-704	$3,951		35		1	
White, Billy	W-600	$300		12		1	
White Oak Community Water System	W-520	$2,975		50		1	
Willow Creek Builders, Inc.	W-387		$12,157		72		1
Wilson Water Service	W-554	$3,036		49		3	
Wilson Water Systems	W-698	$14,908		121		1	
Windham Mobile Home Park	W-804	$1,524		10		1	
Windsor Lake Water Company	W-523	$5,736		57		1	
Woodhaven Water System	W-805	$5,277		37		1	
Yadkin Water Corporation	W-585	$3,949		35		3	
Yost, J.M.	W-514	$1,490		11		1	
Zemosa Acres Water System	W-744	$15,978		165		2	
Total		$9,795,772	$2,678,021	67,069	16,900	600	69

N/A--Not Available

FIGURE NO. 7-4

NONCURRENT DATA OF WATER AND SEWER COMPANIES REGULATED BY THE NORTH CAROLINA UTILITIES COMMISSION

Data Range 1976-1984

Company	County	Docket Number	Annual Revenues Water	Annual Revenues Sewer	Number of Customers Water	Number of Customers Sewer	Number of Systems Water	Number of Systems Sewer
A-1 Pump & Water Conditioning	Wake	W-823	N/A		N/A		1	
Alamance Village Utility Corporation	Alamance	W-671	N/A		N/A		1	
All Star Mobile Home Park	Wake	W-628	$920		11		1	
Alpha Utilities, Inc.	Wake	W-862	$6,608		63		1	
Alternative Waste Treatment	Mecklenberg	W-839		N/A		N/A		1
Bailey, Thomas L.	Wake	W-771		$6,000		0		1
Bald Head Island Utilities, Inc.	Brunswick	W-798	$4,544	$13,239	66	127	1	1
Beechwood Cove Utilities	Chatham	W-753	$5,965		53		2	
Bellview Water System, Inc.	Cleveland	W-684	$299		6		1	
Bess Brothers, Inc.	Gaston	W-331	$11,359		186		5	
Bess, Cregg, Inc.	Gaston	W-281	$17,570		260		6	
Bethlehem Utilities, Inc.	Alexander	W-259	$37,456		284		4	
Blue Creek Utilities, Inc.	Onslow	W-857		N/A		0		3
Brown, E.S.	Buncombe	W-732	$0		0		1	
Buffalo Meadows Utility Company	Ashe	W-312	$2,291	$2,292	21	21	1	1
Buffaloe Water System	Wake	W-635	$2,716		27		1	
C & L Utilities, Inc.	New Hanover	W-535	$22,521	$0	219	0	2	1
CAC Utilities, Inc.	Wake	W-812		$0		0		2
Castor Court Water Company, Inc.	Watauga	W-423	$2,105		16		1	
Chapel Hills Utilities Company	Watauga	W-310	$6,207		83		2	
Clear Meadow Water, Inc.	Mecklenberg	W-715	$3,895		40		2	
Clear Flow Utilities, Inc.	Randolph	W-738	$3,869	$7,141	389	275	7	4
Collins, Robert Water Supply	Lee	W-519	$1,637		28		1	
Colony Park Utilities Company	Durham	W-208		$567		22		1
Colony Water of Morehead City, Inc.	Carteret	W-654	$2,450		31		1	
Combs, Robert F.	Iredell	W-328	$2,268		39		2	
Community Utilities, Inc.	Moore	W-462	$54,427		661		1	
Cook, L.V. Water Supply	Stanly	W-540	$5,965		104		2	
Coral Park Community Well	Lincoln	W-717	$1,296		12		1	
Country Hills Water Company	Union	W-609	$1,974		28		1	
Cowan Valley Estates Water System	Jackson	W-829	N/A		41		1	
Cross-State Development Company	Ashe	W-408	$7,516		138		1	
Cumberland Water Company, Inc.	Cumberland	W-169	$66,906	$19,530	684	198	3	1
CWB Utilities, Inc.	Onslow	W-852		N/A		N/A		1
Dillard Grading Company	Jackson	W-340	$6,332		85		2	
Duan Water Works, Inc.	Catawba	W-346	$0		32		1	
East Rutherford Water System, Inc.	Rutherford	W-527	$1,830		30		1	
Edgewood Water System	Rowan	W-570	$446		23		1	
Emerald Plantation Utility Company	Carteret	W-843		N/A		0		1
Environmental Pollution Control, Inc.	Dare	W-774		$43,157		166		1
FDB, Inc.	Henderson	W-544	$70		11		1	

FIGURE NO. 7-4 CONTINUED

Company	County	Docket Number	Annual Revenues Water	Annual Revenues Sewer	Number of Customers Water	Number of Customers Sewer	Number of Systems Water	Number of Systems Sewer
Fairway Acres Water System	Caldwell	W-260	$5,521		53		1	
Fairways Utilities, Inc.	New Hanover	W-787	$0	$0	0	0	1	1
Farm Water Works	Lee	W-844	$1,116		4		1	
Fisher Utilities, Inc.	Wake	W-365	$139,081		1,013		12	
Forest, P. Tony	Alexander	W-318	$1,319		18		1	
Foxhall Village Utilities	Wake	W-777	$10,123	$15,222	252	252	1	1
Gensinger, John W.	Wake	W-549	$2,253		27		1	
Glendale Water, Inc.	Wake	W-691	$162,248		729		21	
Gower, Jerry Construction Company	Wake	W-465	$1,740		18		1	
Graham, R.E.	Wake	W-184	$3,554		46		1	
H & A Water Services, Inc.	Stanly	W-510	$35,790		6		1	
Harnett Lakes Water Company, Inc.	Harnett	W-210	$7,102		77		1	
Hasty Water Utilities, Inc.	Wake	W-400	$318,721		2,070		30	
Heater Utilities, Inc.	Wake	W-274	$578,329		2,794		31	
Hilltop Subdivision Water System	Burke	W-863	$1,440		12		1	
Home Realty Company & Insurance	Cabarrus	W-521	$3,044		42		1	
Honey Hill Water Company	Columbus	W-420	$2,051		25		1	
Hope Brothers Builders, Inc.	Davie	W-413	$690		11		1	
Huffman, George W.	Catawba	W-424	$1,546		36		1	
Huffman, H.C. Water Systems, Inc.	Catawba	W-095	$59,414		508		11	
Hunter Water Company	Mecklenberg	W-534	$8,310		125		2	
Jackson Hamlet Water Supply	Moore	W-575	$6,435		113		1	
Jackson Utility Company	Jackson	W-448	$63,205	$42,908	1,459	456	3	1
Jones, Mrs. J.W.	Gaston	W-422	$500		11		1	
Jones, Vernon	Lenoir	W-620	$2,283		28		1	
Kirk Glen, Inc.	Buncombe	W-838	$0		11		1	
L & L Construction, Inc.	Burke	W-854	N/A		18		1	
Lad, Inc.	Cabarrus	W-722	$9,429	$12,425	107	107	2	2
Lake Terrace Water System, Inc.	Cleveland	W-683	$0		33		1	
Laurel Woods Water System	Bessemer City	W-694	$6,661		64		1	
Lincoln Water Works, Inc.	Lincoln	W-335	$19,122		108		1	
Mam Water & Sewer Corporation	Durham	W-772		$7,583		158		1
Mauney, William K., Jr.	Mecklenberg	W-560	$1,580		22		1	
McCullers Pines Water System	Wake	W-727	$0		12		1	
McMahan, Harold D.	Randolph	W-791	$0		61		1	
McRae Construction Company, Inc.	Anson	W-466	$963		62		1	
Mid-South Water Systems, Inc.	Catawba	W-720	$236,105	$7,355	2,481	84	58	2
Moss, C.J.	Cabarrus	W-409	$7,770		65		1	
Mountains Lifestyles Water Company	Avery	W-752	$31,858	$0	171	31	1	1
Mountains Utility Company, Inc.	Rutherford	W-808	$0	$0	344	189	1	1
Mullis, Giles E.	Cabarrus	W-547	$5,664		118		4	
Northeast Craven Utility Company	Craven	W-696	$164,211	$91,960	475	475	1	1
Northwestern Woods Well System	Cabarrus	W-860	$1,980		22		1	

FIGURE NO. 7-4 CONTINUED

Company	County	Docket Number	Annual Revenues Water	Annual Revenues Sewer	Number of Customers Water	Number of Customers Sewer	Number of Systems Water	Number of Systems Sewer
North State Utilities	Wake	W-848		$0		0		1
Northwood Developers of Orange County	Orange	W-690	$7,334		80		1	
Oehler Water Company	Gaston	W-440	$9,106		85		4	
Ogden Village Utilities, Inc.	New Hanover	W-836		$0		0		1
Old South Lane Water System, Inc.	Gaston	W-517	$660		11		1	
Parris, Steddy Durbin Jr.	Union	W-563	$2,345	$1,269	59	59	1	1
Pelican Trace Utilities	Brunswick	W-833		$0		0		1
Peppertree Atlantic Beach Association	Carteret	W-834		N/A		0		1
Piedmont Carolina Construction, Inc.	Franklin	W-768	$1,125		19		1	
Piedmont Estates Water System	Randolph	W-581	$8,294		93		1	
Pierce, Heavener, & Jenkins Builders	Gaston	W-363	$16,652		135		2	
Pleasant Gardens Water Department	Alexander	W-702	$2,435		15		1	
Powder Horne Utilities, Inc.	Watagua	W-478	$10,438		156		2	
Precision Utility Limited	Wake	W-832		$0		0		1
Prior Construction Company	Wake	W-567	$9,987		65		1	
Proctor Water Works	Gaston	W-663	$1,605		17		1	
Quail Hollow Water System	Cleveland	W-427	$1,552		27		1	
R.O.E. Water Utility Company	Buncombe	W-820	$0		20		1	
Randolph Mills, Inc.	Randolph	W-536	$4,437	$1,087	85	25	1	1
Riviera Utilities of North Carolina, Inc.	Franklin	W-665	$82,485		3,010		1	
River Run Utilities, Inc.	Brunswick	W-853		$0		0		1
Roberson Brothers Utilities	Wake	W-837	N/A	N/A	0	0	1	1
Rock Creek Environmental Company	Onslow	W-830		$0		0		1
Rollingwood Water System, Inc.	Cleveland	W-428	$8,188		64		1	
Rose Hill Associates Water Company	Pitt	W-677	$0	$0	259	259	1	1
Ross, Sanford E.	Haywood	W-618	$905		28		1	
Ruff Water Company	Gaston	W-435	$40,254		488		6	
S & G Development Corporation	Onslow	W-800	$17,280		120		1	
Sandhill Acres Investment Company, Inc.	Montgomery	W-479	$5,972		43		1	
Sandy Pines Corporation	Catawba	W-764	$0		0		1	
Scientific Water and Sewerage Company, Inc.	Onslow	W-176	$99,252	$125,065	565	565	4	4
Setzer Brothers Well Boring, Inc.	Catawba	W-360	$9,068		119		3	
Shamrock Water Corporation	Catawba	W-432	$4,995		63		1	
Shiloh Water Company	Catawba	W-619	$1,140		20		1	
Sierra Villa Water Company	Harnett	W-867	N/A		7		1	
Simco, Inc.	Union	W-356	$1,732		35		1	
Smith, R. Wiley	Buncombe	W-792	$1,080		20		1	
South Mountain Water Works	Burke	W-866	$3,012		35		1	
South Rowan Investment Corporation	Rowan	W-807	$1,726		18		1	
Spring Valley Water System	Catawba	W-425	$1,134		18		1	
Stewart, Paul A.	Gaston	W-414	$4,137		124		2	
Stony Oaks Water System	Gaston	W-782	$578		8		1	
Suburban Heights Water System	Wilson	W-394	$1,574		21		1	
Timberlake, William J.	Nash	W-290	$0		0		1	

FIGURE NO. 7-4 CONTINUED

Company	County	Docket Number	Annual Revenues Water	Annual Revenues Sewer	Number of Customers Water	Number of Customers Sewer	Number of Systems Water	Number of Systems Sewer
Tobacco Branch Village, Inc.	Graham	W-504	$385		12		1	
Tough & Flo Water Systems	Wake	W-201	$46,204	$3,618	261	67	6	1
Triangle Construction Company, Inc.	Iredell	W-842	N/A		8		1	
Utility Systems, Ltd.	Wake	W-463		$9,370		74		1
Viewmont Acres Water System	Buncombe	W-816	N/A		15		1	
Viking Utilities Corporation, Inc.	Onslow	W-740		$0		14		1
Waller, Louis C., M.D.	Buncombe	S-001		$3,920		49		1
Water, Inc.	Cumberland	W-216	$9,917		115		1	
Waverly Mills, Inc.	Scotland	W-734	$0	$0	125	119	1	1
Weber Development Company	Avery	W-589	$480		8		1	
Weston, W.A.	Wake	W-285	$8,056		121		1	
White Oak Utilities, Inc.	Johnston	W-861	N/A	N/A	49	49	1	1
Wilson, Mitchell B.	Rockingham	W-602	$3,508		59		2	
Woodlake Utilities, Inc.	Moore	W-789	$4,440	$1,658	110	69	1	1
Woods Water Works, Inc.	Surry	W-735	$2,633		26		4	
Total			$2,618,705	$415,366	24,163	3,910	340	52

N/A--Not Available

FIGURE NO. 7-5

SELECTED FINANCIAL AND STATISTICAL DATA OF COMPANIES COMPRISING THE LARGEST WATER UTILITY OPERATIONS REGULATED BY THE NORTH CAROLINA UTILITIES COMMISSION

Data for the Year Ended December 31, 1985

	Brookwood Water Corporation	Duke Power Company	Hensley Enterprises Inc.	La Grange Waterworks Corporation	Piedmont Construction & Water Company	Quality Water Supplies,	Surry Water Company, Inc.	Total
Revenues and Expenses:								
Total Revenue	$401,025	$1,804,214	$256,709	$414,890	$419,375	$208,271	$179,608	$3,684,092
Operation & Maintenance Expenses	$336,693	$1,016,364	$199,513	$279,952	$377,854	$153,947	$101,711	$2,466,034
Depreciation & Amortization	$73,187	$245,204	$12,966	$72,368	$49,134	$25,812	$1,497	$480,168
Federal & State Income Taxes	$7,444	$0	$0	$0	$3,568	$9,140	$658	$20,810
Other Taxes	$36,714	$167,331	$21,655	$27,717	$27,334	$11,005	$10,640	$302,396
Total Operating Expenses	$454,038	$1,428,899	$234,134	$380,037	$457,890	$199,904	$114,506	$3,269,408
Net Operating Income	($53,013)	$375,315	$22,575	$34,853	($38,515)	$8,367	$65,102	$414,684
Operating Ratio	113.2	79.2	91.2	91.6	109.2	96.0	63.8	88.7
Other Income & Expense (Includes Interest)	$69,303	$0	$1,012	($34,067)	$56,366	$2,333	($28,494)	$66,453
Net Income	$16,290	$375,315	$23,587	$786	$17,851	$10,700	$36,608	$481,137
Balance Sheet Items:								
Gross Plant in Service	$2,342,520	$28,363,025	$788,814	$1,451,926	$673,757	$738,745	$597,220	$34,956,007
Less Depreciation Reserve	$614,004	$5,225,604	$172,002	$408,719	$357,938	$260,889	$13,152	$7,052,308
Net Plant in Service	$1,728,516	$23,137,421	$616,812	$1,043,207	$315,819	$477,856	$584,068	$27,903,699
*Contributions in Aid of Construction	$1,743,721	$0	$477,867	$649,894	$0	$486,584	$573,936	$3,932,002
*Plant Acquisition Adjustment	$5,594	$0	$0	$49,985	$0	$0	$0	$55,579
Statistics:								
Total Customers	3,929	3,963	1,816	3,186	2,090	1,417	918	17,319
Total Water Consumption (000s gallons)	344,248	1,249,446	124,748	343,210	130,353 (1)	128,211	53,999	2,374,215
Operation & Maintenance Expense Per Total Customer	$85.69	$256.46	$109.86	$87.87	$180.79	$108.64	$110.80	$142.39
Total Expense per Total Customer	$115.56	$360.56	$128.93	$119.28	$219.09	$141.08	$124.73	$188.78
Gross Plant Investment per Total Customer	$596.21	$7,156.96	$434.37	$455.72	$322.37	$521.34	$650.57	$2,018.36
Depreciation Expense as % of Gross Plant	3.1	0.9	1.6	5.0	7.3	3.5	0.3	1.4
Residential Revenue (Metered)	$362,514	$593,895	$251,575	$403,401	$345,681	$203,030	$179,608	$2,339,704
Residential Customers (Metered)	3,929	3,406	1,763	3,186	1,634	1,407	918	16,243
Residential Water Used (Metered)(000s gallons)	344,248	195,719	122,253	343,210	102,551	125,391	53,999	1,287,371
Average Gallons Used Per Residential Customer	87,617	57,463	69,344	107,724	62,761	89,119	58,822	79,257
Average Revenue per Residential Customer	$92.27	$174.37	$142.70	$126.62	$211.56	$144.30	$195.65	$144.04

*These amounts are included in the "Gross Plant in Service" account. They are shown separately because they are generally excluded from the plant investment account for general rate-making purposes.

(1) Does not include commercial gallons sold.

N/A--Not Available

FIGURE NO. 7-6

SELECTED FINANCIAL AND STATISTICAL DATA OF COMPANIES COMPRISING THE LARGEST WATER/SEWER UTILITY OPERATIONS
REGULATED BY THE NORTH CAROLINA UTILITIES COMMISSION
Data for the Year Ended December 31, 1985

	Cape Fear Utilities Inc.	Carolina Blythe Utility Company	Carolina Water Service of N.C., Inc.	Mercer Environmental Corporation	Pinehurst Water Company Inc. (1)	Transylvania Utility Company	Total
Revenues and Expenses:							
Total Revenue	$533,236	$228,051	$2,564,301	$423,673	$590,465	$293,475	$4,633,201
Operation & Maintenance Expenses	$264,452	$168,845	$1,693,353	$347,377	$800,860	$338,851	$3,613,738
Depreciation & Amortization	$82,635	$6,831	$175,389	$28,273	$91,260	$0	$384,388
Federal & State Income Taxes	$124,987	$882	$24,347	$0	$0	$0	$150,216
Other Taxes	$52,097	$10,829	$181,343	$29,282	$26,932	$31,489	$331,972
Total Operating Expenses	$524,171	$187,387	$2,074,432	$404,932	$919,052	$370,340	$4,480,314
Net Operating Income	$9,065	$40,664	$489,869	$18,741	($328,587)	($76,865)	$152,887
Operating Ratio	98.3	82.2	80.9	95.6	155.6	126.2	96.7
Other Income & Expense (Includes Interest)	$42,832	($37,154)	($391,381)	($302)	$0	$0	($386,005)
Net Income	$51,897	$3,510	$98,488	$18,439	($328,587)	($76,865)	($233,118)
Balance Sheet Items:							
Gross Plant in Service	$3,183,099	$441,734	$18,306,401	$1,661,400	$2,849,445	N/A	$26,442,079
Less Depreciation Reserve	$665,426	$42,877	$1,359,566	$417,746	$279,501	N/A	$2,765,116
Net Plant in Service	$2,517,673	$398,857	$16,946,835	$1,243,654	$2,569,944	N/A	$23,676,963
*Contributions in Aid of Construction	$1,851,241	$293,092	$9,174,358	$983,165	$0	$222,890	$12,524,746
*Plant Acquisition Adjustment	$0	$183,734	($1,182,716)	$288,037	$0	$0	($710,945)
Statistics:							
Total Customers	2,339	1,172	10,685	1,594	2,147	3,096	21,033
Total Water Consumption (000s gallons)	215,226	N/A	N/A	116,598	318,887	N/A	650,711
Operation & Maintenance Expense Per Total Customer	$113.06	$144.07	$158.48	$217.93	$373.01	$109.45	$171.81
Total Expense per Total Customer	$224.10	$159.89	$194.14	$254.04	$428.06	$119.62	$213.01
Gross Plant Investment per Total Customer	$1,360.88	$376.91	$1,713.28	$1,042.28	$1,327.18	N/A	$1,474.16
Depreciation Expense as % of Gross Plant	2.6	1.5	1.0	1.7	3.2	N/A	1.5
Residential Revenue (Metered)	$345,040	$118,018	N/A	$271,775	$358,449	0	$1,093,282
Residential Customers (Metered)	2,320	513	N/A	1,594	1,982	0	6,409
Residential Water Used (Metered)(000s gallons)	207,059	N/A	N/A	116,598	208,881	0	532,538
Average Gallons Used Per Residential Customer	89,250	N/A	N/A	73,148	105,389	0	90,322
Average Revenue per Residential Customer	$148.72	$230.05	N/A	$170.50	$180.85	0	$170.59

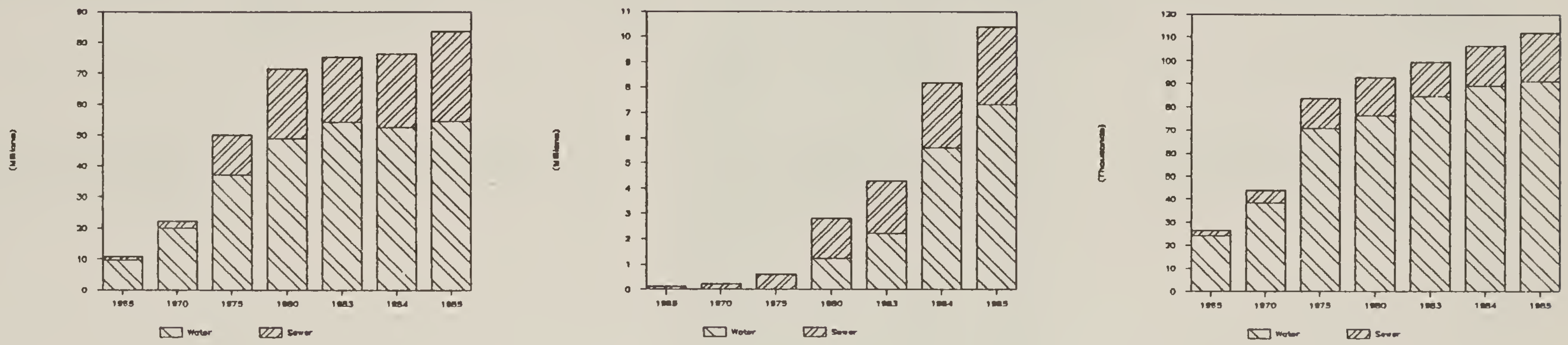
*These amounts are included in the "Gross Plant in Service" account. They are shown separately because they are generally excluded from plant investment account for general rate-making purposes.

(1) Includes Pinehurst Sanitary Company, Inc.

N/A--Not Available

FIGURE NO. 7-7

PLANT, REVENUE, AND CUSTOMER GROWTH OF ALL REGULATED WATER & SEWER COMPANIES IN NORTH CAROLINA FOR THE YEARS 1965, 1970, 1975, 1980, 1983, 1984, AND 1985



Plant Growth

Revenue Growth

Customer Growth

		1965	1970	1975	1980	1983	1984	1985
Water:	Plant	$9,693,500	$20,086,100	$37,000,000	$48,855,000	$54,257,660	$52,500,253	$54,351,108
	Revenues	$1,260,100	$ 2,223,700	$ 5,600,000	$ 7,324,000	$10,568,833	$11,805,041	$12,414,477
	Customers	24,030	38,700	71,000	76,581	84,992	89,186	91,232
Sewer:	Plant	$ 996,400	$ 2,161,800	$13,000,000	$22,514,000	$21,172,699	$23,804,493	$29,495,306
	Revenues	$ 129,500	$ 244,900	$ 600,000	$ 1,543,000	$ 2,081,889	$ 2,595,220	$ 3,093,387
	Customers	2,470	5,300	13,000	16,187	14,564	17,354	20,810
Number of Companies		117	158	349	398	375	378	386

FIGURE NO. 7-8

COMPARATIVE MONTHLY CHARGES FOR RESIDENTIAL WATER SERVICE IN NORTH CAROLINA AT AUGUST 29, 1986

		Nonregulated Systems Inside City Limits	
Publicly Owned Systems	3,000 gal.	6,000 gal.	9,000 gal.
Asheville	$8.48	$15.64	$22.80
Charlotte	3.60	5.80	8.00
Greensboro	2.80	5.60	8.40
Raleigh	5.57	9.73	13.89
Wilmington	4.52	9.04	13.56
Winston-Salem	2.93	5.86	8.78
Average-(Simple)	$4.65	$8.61	$12.57

		Regulated Systems Water Charges Inside Service Area	
Privately Owned Systems Regulated by Commission (Class B or Larger)	3,000 gal.	6,000 gal.	9,000 gal.
Brookwood Water Corporation	$5.00	$6.65	$8.30
Duke Power Company	12.52	19.59	26.66
Hensley Enterprises, Inc.	7.80	11.70	15.60
LaGrange Waterworks Corporation	4.50	7.35	10.20
Piedmont Construction & Water Company, Inc.	13.00	19.60	27.46
Quality Water Supplies, Inc.	6.20	9.80	13.40
Surry Water Company, Inc.	13.81	19.87	25.93
Average-(Simple)	$8.98	$13.51	$18.22

COMPARATIVE MONTHLY CHARGES FOR RESIDENTIAL SEWER SERVICE IN NORTH CAROLINA AT AUGUST 29, 1986

		Nonregulated Systems Inside City Limits	
Publicly Owned Systems	3,000 gal.	6,000 gal.	9,000 gal.
Asheville	$2.28	$4.56	$6.84
Charlotte	4.68	7.96	11.24
Greensboro	2.52	5.04	7.56
Raleigh	3.80	6.76	9.72
Wilmington	6.00	12.00	18.00
Winston-Salem	2.68	5.36	8.04
Average-(Simple)	$3.66	$6.95	$10.23

		Regulated Systems Inside Service Area	
Privately Owned Systems Regulated by Commission (Class B or Larger)	3,000 gal.	6,000 gal.	9,000 gal.
Associated Utilities, Inc.	$10.00	$10.00	$10.00
Cape Fear Utilities, Inc.	20.00	20.00	20.00
Carolina Water Service of North Carolina	18.00	18.00	18.00
Mercer Environmental Corporation	20.59	20.59	20.59
Montclair Water Company, Inc.	6.20	9.47	12.74
Pinehurst, Inc.	18.95	23.90	28.85
Transylvania Utility Company	12.50	20.00	27.50
Average-(Simple)	$15.18	$17.42	$19.67

VIII. Securities, Audits, And Annual Reports

A, SECURITIES ISSUES--COMMENTS

The Commission approved 19 applications for the issuance of electric, gas, and telephone securities and borrowings during 1986 compared with 17 applications in 1985. The 1985 and 1986 applications covered $1,046,948,550 and $1,852,672,000, respectively.

The securities applications are processed by personnel in the Finance, Statistics, Budget, and Planning Division of the Commission Staff, and reports and recommendations are made to the Commissioners. These reports evaluate and consider many factors such as: (1) The present and projected earnings position of the company, (2) The effect of the projected issue on the company's capital structure, (3) The expense of the issue, (4) The estimated net yield, (5) The probable market price per unit, (6) The purpose of the issue, (7) The use to which the proceeds are to be applied, (8) Whether the issue is compatible with the overall public interest, and (9) The merits of the proposed method of marketing the securities,; i.e., by competitive bidding, negotiations, or private placement.

Ordinarily, the new capital raised through the sale of securities is primarily for the replacement of short-term borrowings, which have been used largely for new utility plant construction, modernization, and improvement of existing plant to meet increased demands for additional and improved service. However, in 1985 and 1986, a large portion of the long term debt financings were used to redeem outstanding issues of debt with high interest rates which were prevalent during the 1970's and early 80's. Figure Nos. 8-1 and 8-2 show detailed data for each securities issue approved by the Commissioners in 1985 and 1986.

B. AUDITS AND EXAMINATIONS--COMMENTS

Personnel of the Commission's Public Staff Accounting Division perform extensive audits of the operations of public utilities. The results of each of these audits are a part of the Public Staff's position on matters before the Commission, and they are filed with the Chief Clerk as an official document if they are part of a general rate case proceeding. A brief summary of audits and special studies for 1985 follows:

Utility & Type Audit	1985 No. of Exams
Electric	
General Rate Case	1
Fuel Clause Cases	3
Gas	
General Rate Case & Earnings Investigation	2
Increased Cost of Purchased Gas, Exploration Surcharges, and Emergency Gas Curtailments	29
Telephone	
General Rate Case	1
Toll Revenue Increase	0
Water and Sewer	25
Motor Freight and Motor Passenger Operating Ratios and Tariffs	75
Total	136

C. ANNUAL REPORTS--COMMENTS

For the years 1984 and 1985, there were 1,513 and 1,576 utilities, respectively, required to file annual reports of their operations with the Commission. This number includes 80 nonregulated municipal utility systems. The regulated utilities and the municipal utility systems' annual reports required to be filed with the Commission are prepared on forms furnished to them by the Commission's Public Staff Accounting Division. All completed and returned annual reports of the larger utilities are reviewed in detail by the Accounting personnel of the Public Staff for compliance with the Uniform System of Accounts.

FIGURE NO. 8-1
SECURITIES ISSUES--NEW CAPITAL (Primarily) FOR THE CALENDAR YEAR 1985
Amounts Authorized for Total Company Operations

Name of Company	Docket Number	Type of Security or Transaction	Type Sale*	Face Amount	Activity Dates Order	Closing	Price per Share or Stated Interest Rate	Face Amount Sold	Offering Price to Public	Underwriter's Commission	Yield at Offering	Net Cost to Company	Net Proceeds to Company Before Expenses	Comments
ELECTRIC:														
Carolina Power & Light Company	E-2, Sub 498	Common stock--up to 4,000,000 shares	N	$100,400,000	2-6-85	2-20-85	$25.10 per share	$102,000,000	$25.50	$1,600,000 40 cents/share			$100,400,000	Proceeds used to reduce short term financing used in Construction Program.
	E-2, Sub 501	First Mortgage Bonds A2 Rating, Due 4-1-95	N	$175,000,000	3-19-85	4-1-85	11 1/8% first two years	$125,000,000	99.782	$153,750=.123% of 1% of Face Value 125 million	11.25%	11.32%	$124,573,750	For redeeming $125 million of 14 1/8% Bonds due 4-1-87 and for Construction Program. Offering rate good for 2 years, may change thereafter.
	E-2, Sub 459	First Mortgage Bonds Due 10-1-2015 (A)	N	$50,000,000	3-19-85	10-3-85	11 3/4%	$100,000,000	98.375	$875,000	11.95%	12.06%	$97,500,000	To reduce outstanding balance of Company's commercial paper.
	E-2, Sub 488	Pollution Control Financing Bonds of Wake County, Maturity Date 5-1-2015	N	$67,300,000	5-9-85	5-21-85	5.25% Initial Rate	$67,300,000	100	$420,625			$66,631,375	CP&L Pollution Control Bonds will have a variable rate after the initial offering rate--March 15 of each calendar year. Convening March 15, 1986, a new interest rate, determined by the Fiscal Agent Short Term (7) Variable Rate Demand Notes (VRDN's) shall be utilized.
	E-2, Sub 505	Pollution Control Financing Bonds of Wake County	N	$175,000,000	7-18-85	9-5-85	5.25% Initial Rate	$50,000,000 Series 1985 B Due 9-1-2015	100	$225,000			$49,775,000	These bonds issued by the Wake County Industrial Facilities and Pollution Control Financial Authority are collateralized by irrevocable letters of credit from Sumitomo Bank. Limited on behalf of CP&L. Proceeds are to be used for radwaste treatment facilities at the Harris Plant and spent fuel facilities at the same location.
						10-7-85		$97,400,000 Series 1985 C Due 9-1-2015	100	$438,300			$96,961,700	
	E-2, Sub 502	Common Stock 5,000,000 shares for Stock Purchase Savings Program	I		4-16-85									These shares of Common to be purchased from time to time by the Trustee of the Program at a price equal to 97% of the high and low price of the stock on the day the purchase is made.
	E-2, Sub 510	5,000,000 shares of Common for its Dividend Reinvestment Stock Purchase Plan	I		10-2-85									Proceeds to be used for general Corporate purposes including company construction programs.
Duke Power Company	E-7, Sub 394	First & Refunding Mortgage Bonds	N	$125,000,000	2-21-85	4-15-85	12 5/8%	$125,000,000	99.375	$8.75 per Bond	12 5/8%	12.82%	$123,125,000	Proceeds used to redeem $100 million of Duke Power Company's First Refunding Mortgage Bonds--14 7/8% Series Due 2010.
	E-7, Sub 404	Long Term Debt-Bonds or Unsecured Notes, Aa2 Rating, Shelf Registration under SEC Rule 415	N or C	$200,000,000	11-18-85	12-12-85	10 1/8%	$50,000,000	99	$220,500 or .441%	10.227 Funds used to redeem $50 million 13 1/8% Bonds	10.279%	$49,279,500	Authority granted to file with SEC under Rule 415; Request to sell up to $200,000,000 face amount. Duke Power Dockets E-7, Sub 404, and E-7, Sub 412, should be combined for complete analysis of sale of Shelf Registered Bonds in the total amount of $550,000,000. Proceeds used mostly to redeem higher cost debt issues outstanding.
						4-10-86	7 7/8%	$100,000,000	99.487	$675,000	7.915	8.05%	$98,812,000	
						5-22-86	9.00%	$50,000,000	98.460	$8.75/Bond	9.14%	9.22%	$48,862,500	
Total Electric Companies				$892,700,000				$865,100,000		$4,608,175			$855,920,825	

*N-Negotiated, P-Private Placement, I-Internal, C-Competitive
(A) Balance of $250,000,000 approved 12-22-82 under Shelf Registration SEC Rule 415.

FIGURE NO. 8-1 CONTINUED
SECURITIES ISSUES--NEW CAPITAL (Primarily) FOR THE CALENDAR YEAR 1985
Amounts Authorized for Total Company Operations

Name of Company	Docket Number	Type of Security or Transaction	Type Sale*	Face Amount	Activity Dates Order	Activity Dates Closing	Price per Share or Stated Interest Rate	Face Amount Sold	Offering Price to Public	Underwriter's Commission	Yield at Offering	Net Cost to Company	Net Proceeds to Company Before Expenses	Comments
GAS:														
Piedmont Natural Gas Company	G-9, Sub 249	Common Stock 150,000 shares	I		3-13-85		95% of Market Price							For use in Dividend Reinvestment and Stock Purchase Plan.
	G-9, Sub 254	Debentures, Series Due Sept. 1995 10 3/5% Rate	P	$30,000,000	9-12-85	9-18-85	10 3/5%	$30,000,000	100				$30,000,000	Sold to Teachers Insurance & Annuity Assoc. of America. Proceeds used for partial repayment of Short Term Debt Outstanding.
Public Service Co. of North Carolina	G-5, Sub 198	First Mortgage Bonds 12.26% Series L Due 1998	P	$18,000,000	4-1-85	4-16-85	12.26%	$18,000,000	100	$67,500 Origination Fee	12.26%		$17,932,500	Entire Issue sold to Prudential Insurance Company of America.
Total Natural Gas Companies				$48,000,000				$48,000,000		$67,500			$47,932,500	
TELEPHONE:														
General Telephone of The South	P-19, Sub 203	First Mortgage Bonds	N	$50,000,000	4-9-85	5-1-85	11 3/8%	$50,000,000	99.85	.526%	11.39	11.45%	$49,662,000	$50 million of Bonds sold to Public and $25 million sold to Parent.
			Private Parent	$25,000,000	4-9-85	5-1-85	11 3/8%	$25,000,000	99.85	None	11.39	11.39%	$25,000,000	Funds from Bonds used to redeem $38,000,000 of 14 1/2% Series Z Bonds due 1987.
		Common Stock	I	600,000 shares $15,000,000	4-9-85	4-19-85	$25 per share	$15,000,000	$25				$15,000,000	All of the Common Stock sold to Parent. Balance of funds used to repay short term debt and in the Company Construction program.
Citizens Telephone Company	P-12, Sub 682	RTB Loan-35 year Note, 9% Rate	N	$3,675,000	7-1-85		9%	$3,675,000	100		9.00	9.00	$3,675,000	Mortgage Note was issued 10-28-85.
Ellerbe Telephone Company	P-21, Sub 44	RTB Loan-35 year Note, 9% Rate	N	$1,032,150	7-26-85		9%	$1,032,150	100		9.00	9.00	$1,032,150	Proceeds to be used to replace COE with Digital Equipment and upgrade parts of the outside plant.
Randolph Telephone Company	P-61, Sub 64	RTB Loan-25 year Note, 9% Rate	N	$1,541,400	11-31-85		9%	$1,541,400	100		9.00	9.00	$1,541,400	Funds to be drawn down as Construction expenditures are made.
Continental Tel. of Virginia	P-28, Sub 40	First Mortgage Bonds-10.75% Series UU Due Nov. 30, 1995	P	$10,000,000	12-6-85		10 3/4%	$10,000,000	100	$37,500	10.75	10.75	$9,962,500	Replace short term debt used to finance plant construction and additions.
Total Telephone Companies				$106,248,550				$106,248,550		$37,500			$105,873,050	
Grand Total				$1,046,948,550				$1,019,348,550		$4,713,175			$1,009,726,375	

*N-Negotiated, P-Private Placement, I-Internal, C-Competitive

FIGURE NO. 8-2
SECURITIES ISSUES--NEW CAPITAL (Primarily) FOR THE CALENDAR YEAR 1986
Amount Authorized for Total Company Operations

Name of Company	Docket Number	Type of Security or Transaction	Type Sale*	Face Amount (000s)	Activity Dates Order	Activity Dates Closing	Price per Share or Stated Interest Rate	Face Amount Sold (000s)	Offering Price to Public	Underwriter's Commission	Yield at Offering	Net Cost to Company	Net Proceeds to Company Before Expenses	Comments
ELECTRIC:														
Carolina Power & Light Company	E-2, Sub 514	Long Term Debt Bonds or unsecured notes, Shelf Registration Under Rule 415 A2 Rating	N or C	$175,000	1-17-86	3-11-86	8 7/8%	$100,000	100	$544,000	8.88	8.93	99,456,000	$60 million will be used to call $60 million Eurobonds with 16 1/2% Coupon, Due 2-15-89, Call Premium 1.5% 3-16-86, Order issued authorizing the redemption of $100 million-12 1/4% Series Due 11-1-2009 at 109.72%.
	E-2, Sub 516	Serial Preferred Stock or Preferred Stock A	Shelf Reg. under Rule 415	$180,000	4-24-86									Proceeds from sale to be used to redeem higher interest rate Preferred Stock Outstanding. None issued as of April 20, 1987.
	E-2, Sub 517	First Mortgage Bonds Rating A2	Shelf Reg. under Rule 415	$350,000	4-24-86	7-18-86	8 1/8%	$125,000	99	$680,000	8.274%	8.356%	$123,070,000	Proceeds used to redeem Bonds or Debt issues with higher than current interest rate.
	E-2, Sub 524	Pollution Control Revenue Bonds (Tax Exempt) Bonds Issued through Person County Industrial Facilities & Pollution Control Financing Authority Due 11-1-2016 AAA Rating	N	$45,000 $47,000 (Amended)	9-24-86 10-29-86		Short term variable rate adjusted daily, Current Annual Rate Approx. 4.5%	$45,600 Maturity 11-1-2016	100	$228,000	4.50%	4.53%	$45,372,000	Proceeds to be used for cost of modifications and additions to an existing ash pond and the construction and installation of a dry flyash disposal system and the Roxboro plant in Person County.
Duke Power Company	E-7, Sub 411	Cumulative Preferred Stock, Par Value $100 or $25 Serial Preferred Stock or Preferred Stock A aa2 Rating	Neg. Public Sale, Shelf Reg. under Rule 415	$150,000	4-16-86	5-29-86 6-12-86	7.875% Per 100 shares 6% per 100 shares	$50,000 $50,000	100	.875% per share $1.90 per share	7.875% 6.00%	7.94% 6.12%	$49,562,000 $49,050,000	Funds will be used for construction and general corporate use. Proceeds to redeem Preferred Stock with higher interest rate.
	E-7, Sub 412	Long Term Debt Securities Aa2 Rating	Shelf Reg. under SEC Rule 415	$550,000	4-24-86 Sold through competitive proposals	5-22-86 6-12-86	9.00% 8.50%	$125,000 $125,000	98.60 99.75	.875% or $8.75 per Bond .410% or $4.10 per Bond	9.14% 8.54%	9.22% 8.61%	$122,156,250 $124,175,000	Proceeds to be used for the purchase or redemption of certain outstanding higher cost securities.
Nantahala Power & Light Company	E-13, Sub 96	Pledge of Assets and Assumption of Debt	Neg.-Secured 10-year note	$710			Prime +1/2%							Nantahala pledges certain assets as security for loan of $710,000 to construct approximately 8 miles of 69-kv transmission line. Haywood EMC actually borrows the funds.
Total Electric Companies				$1,452,710				$620,600		$1,452,000			$612,841,250	

*N-Negotiated, P-Private Placement, I-Internal, C-Competitive

FIGURE NO. 8-2 CONTINUED
SECURITIES ISSUES--NEW CAPITAL (Primarily) FOR THE CALENDAR YEAR 1986
Amount Authorized for Total Company Operations

Name of Company	Docket Number	Type of Security or Transaction	Type Sale*	Face Amount (000s)	Activity Dates Order	Activity Dates Closing	Price per Share or Stated Interest Rate	Face Amount Sold (000s)	Offering Price to Public	Underwriter's Commission	Yield at Offering	Net Cost to Company	Net Proceeds to Company Before Expenses	Comments
GAS:														
Piedmont Natural Gas Company	G-9, Sub 258	Two for One Common Stock Split Income Authorized Common Shares from 6,000,000 to 20,000,000 shares	I		2-6-86									3,592,026 shares required for the 2 for 1 stock split. Common shares to be used to continue Employee Stock Purchase Plan (150,000 shares) and a long term Incentive Plan (400,000 shares).
	G-9, Sub 262	8.9% Debentures Series Due June 2001 Common Stock A3 Rating	P N	$40,000 1,200 shares	4-30-86	6-12-86 5-7-86	8.9% $18.875 per share	$40,000 $22,650		$160,000 Agents Fee $720,000 (60 cents per share)		8.935%	$39,840,000 $21,930,000	Proceeds to be used to redeem $10 million 10 1/4% Debentures due 1989, to reduce Short Term Debt and finance a portion of the Construction Program.
Public Service Co. North Carolina	G-5, Sub 206	Common Stock 500,000 shares $1.00 Par Value	I For Automatic Dividend Reinvestment		3-21-86		95% avg.mkt. price per share							Shares are to be used in Company Automatic Dividend Reinvestment and Stock Purchase Plan.
North Carolina Natural Gas Company	G-21, Sub 259	8.75% Debentures Series B, Due 6-15-2001	P	$20,000	6-26-86	7-17-86	8.75%	$20,000		$175,000 $8.75 per Bond		8.85%	$19,785,023	Proceeds used to reduce short term debt and finance a portion of its Construction Program.
Total Natural Gas Companies				$60,000 1,200 shares				$82,650		$1,055,000			$81,555,023	
TELEPHONE:														
Alltel Carolina, Inc.	P-118, Sub 37	RTB Loan-35 Year Note, 9.5% Interest Rate	N	$4,515	2-3-86		9.50%						$4,515,000	Proceeds to be used to extend and improve services.
	P-118, Sub 41	Long Term (7yr.) Loan from Northern Telecom, Inc.	P	$5,547	6-25-86		U.S. Treasury Note + .71% per Annum						$5,547,000	Proceeds to be used to pay for equipment purchased from Northern Telecom, Inc.
General Telephone of The South	P-19, Sub 208	Common Stock 400,000 shares $25 Par Value	I Sold to Parent	$10,000	2-19-86		$25.00 per share						$10,000,000	400,000 shares sold to parent Centel Elec. Corp. Funds used to reduce Short Term Debt.
	P-19, Sub 209	First Mortgage Bonds or Promissory Notes A1 Rating	Shelf Reg. Under SEC Rule 415	up to $175,000	5-21-86	9-3-86	8 3/4%	$125,000		.671% or $838,750	9.17%	9.27%	$123,797,197	Proceeds for redemption of Outstanding Bonds and Preferred Stock with high interest rates and to convert Short Term Debt into Long Term Debt.
	P-19, Sub 210	Sell 800,000,000 shares of Common to Parent, $25 Par Value	I	$20,000	10-29-86	12-29-86		$20,000					$20,000,000	Proceeds to reduce Short Term Debt and Increase Equity Ratio.

*N-Negotiated, P-Private Placement, I-Internal, C-Competitive

FIGURE NO. 8-2 CONTINUED
SECURITIES ISSUES--NEW CAPITAL (Primarily) FOR THE CALENDAR YEAR 1986
Amount Authorized for Total Company Operations

Name of Company	Docket Number	Type of Security or Transaction	Type Sale*	Face Amount (000s)	Activity Dates Order	Activity Dates Closing	Price per Share or Stated Interest Rate	Face Amount Sold (000s)	Offering Price to Public	Underwriter's Commission	Yield at Offering	Net Cost to Company	Net Proceeds to Company Before Expenses	Comments
Carolina Telephone & Telegraph Company	P-7, Sub 701	$50 mil. Principal Amount Debentures Due May 2016	N	$50,000	5-14-86	5-22-86	9.0%	$50,000		.875% or $437,500	9.18%	9.26%	$48,392,138	Proceeds for redemption of $50 million 12.70% Debentures Due 2010.
Continental Tel. Company of N.C.	P-128, Sub 14	Series U (RTB) First Mortgage Bonds-35 year Maturity	N	$18,900	10-20-86		To be set at drawdown							RTB Loan to upgrade and expand service in the old Westco exchanges. Rate of Interest on loan to be set at each drawdown. $900,000 RTB Stock must be purchased.
Central Telephone Company	P-10, Sub 426	First Mortgage Sinking Fund Bonds, Series EE 7 3/4% Due 12-15-1996 Aa2 Rating	N	$56,000	12-18-86	12-9-86	7 3/4%	$56,000		$308,000	7.81%	7.92%	$55,340,000	Proceeds used to redeem securities with higher interest costs.
Total Telephone Companies				$339,962				$251,000		$1,584,250			$267,591,335	
Grand Total				$1,852,672				$954,250		$4,091,250			$961,987,608	

*N-Negotiated, P-Private Placement, I-Internal, C-Competitive

IX. The Transportation Industry - Motor Freight Carriers

MOTOR FREIGHT CARRIERS

A. CLASSIFICATION OF MOTOR FREIGHT CARRIERS

Motor freight carriers are divided into three groups according to annual operating revenues. In effect since January 1, 1980, (Docket Number M-100, Sub 68) carriers having annual carrier operating revenues of $5 million or more are Class I carriers. Class II carriers have annual carrier operating revenues of at least $1 million but less than $5 million. Carriers having annual carrier operating revenues of less than $1 million are considered Class III carriers. All motor freight carriers that have authority to operate in North Carolina are required to file an annual report with the North Carolina Utilities Commission. Failure to file this report could be grounds for the cancellation of their operating authority by the Commission. Enforcement and compliance with the filing of annual reports on a timely basis requires a continuing effort by Commission personnel. At July 30, 1986, there were 947 motor freight carriers with authority to operate in North Carolina. As of October 1, 1986, there were 787 motor freight carrier annual reports on hand with the North Carolina Utilities Commission. Of the 947 freight carriers certified to operate, 65 companies were granted their authority in 1986. Therefore those companies will not be required to file 1985 annual reports.

B. DUTIES OF THE TRANSPORTATION DIVISION

INTRASTATE

The Commission Staff Transportation Division is charged with the economic and safety regulation of all certified motor freight carriers operating within the borders of this State. All applications for new authority grants, transfers of certificates, and cancellations of certificates are handled through this Division. Also all complaints relating to the quality of freight service, or the lack of it, are investigated by the Division.

The Public Staff Transportation Rates Division has the responsibility for maintaining up-to-date files of current rate and service tariffs of all intrastate transportation utility companies. In addition the Public Staff reviews all applications for new or amended rate tariffs. In contested rate cases, rule-making investigations, abandonments, mergers, and related matters, the Public Staff presents testimony in support of the position of the using and consuming public before the Commission.

The Public Staff has developed and implemented rate-making rules and procedures designed to provide cost-of-service data for the North Carolina portion of service furnished by the various transportation companies under regulation. The purpose of the cost data is to assure that the companies charge the lowest level of reasonable rates.

The Public Staff offers technical assistance to the Commission and the general public in dealing with transportation matters and investigates consumer complaints involving any regulated transportation utility company.

C. COMMISSION ACTIVITIES

During 1985 a total of 85, or 30%, of the Commission's 279 formal hearings were related to the trucking industry; for 1984 the number of truck hearings was 80 and represented 33% of the 240 formal hearings. The Commission sometimes settles tariff filings and other filings based on Public Staff and Commission Staff studies and recommendations presented at Monday morning conference sessions. During these sessions, if there are no protests and the need for the requested changes are either sanctioned by or undisputed by either staff, they are allowed to become effective without holding a formal hearing as in the past.

D. IMPACT OF MOTOR CARRIER ACT OF 1980

A Federal bill (Senate Bill 2245) to encourage the deregulation of the trucking industry was signed into law on July 1, 1980. The Motor Carrier Reform Act of 1980 was designed to reduce unnecessary regulation by the Federal government. This act increases opportunities for firms in the trucking industry to operate without interference from the government.

The Motor Carrier Reform Act of 1980 provided a three-year transition to the new regulatory environment with major changes in rate-making beginning in July 1983. This act is Federal legislation and, therefore, affects only interstate commerce. The number of interstate vehicles registered with the N.C. Division of Motor Vehicles has increased significantly since the passage of the 1980 Motor Carriers Reform Act.

The following tabulation shows motor carriers which hold authority from the Commission classified by type:

Type	1984	1985
Common	642	681
Contract	195	209
Common & Contract	53	57
Total	890	947

"Common carrier by motor vehicle" means any person who holds himself out to the general public to engage in the transportation by motor vehicle in intrastate commerce of persons or property of any class or classes thereof for compensation, whether over regular or irregular routes, except as exempted in G.S. 62-260.

"Contract carrier by motor vehicle" means any person who, under an individual contract or agreement with another person as may be approved by the Utilities Commission, engages in the transportation other than the transportation referred to in the above paragraph, by motor vehicle of persons or property in intrastate commerce for compensation, except as exempted in G.S. 62-260.

E. SUMMARY OF OPERATING DATA

A list of the Class I and II motor freight carriers, with selected operating financial data is shown in Figure Nos. 9-1 and 9-2. Data for the Class III motor freight carriers is listed in Figure No. 9-3.

There were 525 Class III motor carriers filing 1985 annual reports with the North Carolina Utilities Commission. Often useful data for many of the Class III carriers is not available and in many instances is nonexistent. Therefore, the reported data does not reflect information for all the certified Class III motor carriers operating in North Carolina.

A summary of selected data for the Class I and II carriers for the 1985 calendar year is shown in Figure No. 9-4. It should be noted that the operating revenues for North Carolina are from freight moved on intrastate tariffs regulated by the North Carolina Commission only; therefore, they account for a very small percentage of the total revenues generated by this group of carriers (2%). Reports for years prior to 1979 have shown total North Carolina revenues to be about 8% to 10% of total systemwide revenues. The prior years' data included revenues which were generated from freight moved on both North Carolina (intrastate) and Interstate Commerce Commission (interstate) tariffs.

FIGURE NO. 9-1

Motor Freight Carriers--Class I
Grouped By Major Type of Products Transported
Calendar Years 1985 and 1984
(Dollars in 000s)

			TOTAL COMPANY DATA											
	North Carolina Regulated Revenues		Revenues		Expenses		Net Operating Income		Operating Ratios		Average Number of Employees		Total Salaries Paid	
Mobile Home Movers:	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984
Interstate Carriers, Inc.	$886	N/A	$10,768	$9,948	$11,528	$10,243	($760)	($295)	107.1	103.0	3	N/A	$44	N/A
Morgan Drive Away, Inc.	201	298	53,005	47,839	52,901	45,675	104	2,164	99.8	95.5	4	4	39	34
Total	$1,087	$298	$63,773	$57,787	$64,429	$55,918	($656)	$1,869	101.0	96.8	7	4	$83	$34
Household Goods Movers:														
Burnham Service Company, Inc.	$1,486	$1,538	$88,084	$76,411	$79,276	$68,424	$8,808	$7,987	90.0	89.5	112	113	$1,998	$2,081
Lentz Transfer & Storage Company	95	75	9,811	955	9,508	901	303	$54	96.9	94.3	165	165	2,987	2757
Movers World, Inc.	73	17	25,719	11,203	27,839	13,964	(2,120)	($2,761)	108.2	124.6	14	0	210	0
Signal Delivery Service, Inc.	546	0	206,894	221,723	192,467	209,144	14,427	$12,579	93.0	94.3	117	122	4,149	4,227
Total	$2,200	$1,630	$330,508	$310,292	$309,090	$292,433	$21,418	$17,859	93.5	94.2	408	400	$9,344	$9,065
General Commodities Carriers:														
AAA Cooper Transportation	$288	N/A	$71,963	N/A	$64,165	N/A	$7,798	N/A	89.2	N/A	51	N/A	$1,570	N/A
ABF Freight System, Inc.	44	28	418,961	386,203	400,396	370,920	18,565	15,283	95.6	96.0	303	276	9,563	8,763
Alterman Transport Lines, Inc.	172	27	51,230	47,998	50,102	46,363	1,128	1,635	97.8	96.6	86	76	1,386	1,228
Anderson Truck Line, Inc.	2,207	1,884	7,120	6,079	6,724	5,780	396	299	94.4	95.1	176	180	2,899	2,436
Associated Petroleum Carriers, Inc.	4,257	4,397	31,869	34,261	31,512	33,669	357	592	98.9	98.3	0	0	0	0
B & C Motor Freight Lines, Inc.	0	N/A	10,007	N/A	10,253	N/A	(246)	N/A	102.5	N/A	0	N/A	0	N/A
B & P Motor Lines, Inc.	0	N/A	11,786	10,395	11,551	9,992	235	403	98.0	96.1	57	56	1,003	888
B.I. Transportation, Inc.	185	10,775	71,203	71,832	64,023	60,948	7,180	10,884	89.9	84.8	681	692	17,511	18,434
Barrett Mobile Home Transport, Inc.	49	8	15,395	13,738	15,016	13,331	379	407	97.5	97.0	3	0	36	0
Billings Transfer Corporation, Inc.	867	711	18,371	15,007	16,674	13,935	1,697	1,072	90.8	92.9	256	212	5,737	5,039
Blue Ridge Transfer Company, Inc.	N/A	N/A	34,881	37,611	34,634	35,868	247	1,743	99.3	95.4	93	N/A	1,611	N/A
Boone, The A.G. Company	3,852	N/A	9,181	9,673	8,899	9,198	282	475	96.9	95.1	119	N/A	2,910	N/A
Bralley Willett Tank Lines, Inc.	488	384	6,022	6,022	5,341	5,457	681	565	88.7	90.6	16	14	281	217
Brown Transport Corporation	N/A	0	182,153	171,534	179,660	166,725	2,493	4,809	99.0	92.9	285	225	6,278	5,244
Builders Transport, Inc.	2,413	1,521	107,720	79,032	93,592	70,422	14,128	8,610	86.9	89.1	163	185	4,022	3,765
Bulldog Trucking of Georgia, Inc.	3	N/A	9,456	N/A	8,900	N/A	556	N/A	94.1	N/A	0	N/A	0	N/A
Burton Lines	844	896	9,590	9,774	9,338	9,314	252	460	97.4	95.3	N/A	106	N/A	1,785
Byrd Motor Line, Inc.	0	0	8,291	7,928	8,019	7,552	272	376	96.7	95.3	165	139	3,213	2,955
C & H Nationwide, Inc.	19	6	104,714	97,363	103,665	95,426	1,049	1,937	98.9	98.0	10	20	142	312
C & N Evans Trucking Company, Inc.	5	0	17,488	20,556	17,508	19835	(20)	721	100.1	96.5	258	376	3,724	4,667
Cabarrus Consolidating & Management Company	113	123	7,181	7,020	6,319	6,299	862	721	88.0	89.7	78	91	1,601	1,761
Caldwell Freight Lines, Inc.	1,054	485	8,983	8,038	7,603	6,806	1,380	1,232	84.6	84.7	155	144	2,995	2,628
Carolina Freight Carriers Corporation	799	801	411,911	373,256	381,661	347,697	30,250	25,559	92.7	93.2	2,390	2,422	70,106	67,782
Catawba Trucking Company, Inc.	16	14	8,992	8,337	7,851	8,174	1,141	163	87.3	98.1	0	N/A	0	N/A
Central Transport, Inc.	1,981	2391	38,786	35,082	35,088	32,266	3,698	2,816	90.5	92.0	231	231	4,597	4,445

FIGURE NO. 9-1 CONTINUED

Motor Freight Carriers--Class I
Grouped By Major Type of Products Transported
Calendar Years 1985 and 1984
(Dollars in 000s)

	North Carolina Regulated Revenues		TOTAL COMPANY DATA											
			Revenues		Expenses		Net Operating Income		Operating Ratios		Average Number of Employees		Total Salaries Paid	
	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984
Chemical Leaman Tank Lines, Inc.	$2,186	$2,092	$160,944	$157,930	$156,827	$155,218	$4,117	$2,712	97.4	98.3	95	96	$2,744	$2,703
Cline, Phil Trucking Inc.	30	68	6,530	3,827	5,953	3,673	577	154	91.2	95.7	61	30	663	600
Coast Refrigerated Trucking Company, Inc.	475	0	9,502	9,729	9,225	9,472	277	257	97.1	97.4	18	18	459	432
Colonial Freight Systems, Inc.	N/A	N/A	43,704	44,255	42,197	42,891	1,507	1,364	96.6	96.9	N/A	N/A	N/A	N/A
Colonial Motor Freight Line, Inc.	N/A	N/A	17,272	17,682	16,975	16,657	297	1,025	98.3	94.2	N/A	N/A	N/A	N/A
Conoco, Inc.	490	735	71,233	57,025	61,158	46,838	10,075	10,187	85.9	82.1	30	41	733	1,145
Consolidated Freightways	83	N/A	1,329,571	1,283,706	1,235,835	1,190,537	93,736	93,169	92.9	92.7	613	N/A	18,595	N/A
Continental Transport Systems, Inc.	2	3	5,708	1594	5,366	1514	342	80	94.0	95.0	0	0	0	0
Cresco Lines, Inc.	42	85	16,380	15,128	16,093	14,743	287	385	98.2	97.5	0	0	0	0
Crete Carrier Corporation	0	0	83,092	74,096	79,569	69,307	3,523	4,789	95.7	93.5	0	0	0	0
Custom Deliveries	0	0	28,374	20,395	27,614	19,958	760	437	97.3	97.8	3	5	12,067	5
DPD, Inc.	76	N/A	75,191	49,380	65,250	48,372	9,941	1,008	86.8	98.0	2	N/A	65	N/A
Dallas & Mavis Forwarding Company, Inc.	N/A	N/A	52,068	N/A	50,070	N/A	1,998	N/A	96.2	N/A	N/A	N/A	N/A	N/A
David Graham Company	34	11	18,650	15,308	18,151	14,975	499	333	97.3	97.8	13	9	239	9
Decato Brothers, Inc.	24	22	9,634	8699	9,322	8,348	312	351	96.8	96.0	3	2	40	2
Dedicated Fleet, Inc.	12,821	N/A	12,821	N/A	12,538	N/A	283	N/A	97.8	N/A	6	N/A	125	N/A
DeWitt, L.G. Trucking Company, Inc.	N/A	0	17,580	14,428	18,188	14,563	(608)	(135)	103.5	100.9	268	244	4,668	244
Dixie Trucking Company, Inc.	3,273	N/A	5,951	5,338	5,737	5,164	214	174	96.4	96.7	117	N/A	2,868	N/A
Douglas & Sons, Inc.	32	3	6,010	5,077	5,893	4,821	117	256	98.1	94.7	69	58	1,563	58
Eagle Transport Corporation	3,482	3,425	5,595	5,237	5,236	5,138	359	99	93.6	98.1	65	67	1,399	67
Epes Transport System, Inc.	662	830	13,245	14,270	13,326	14,724	(81)	(454)	100.6	103.3	93	104	1,783	104
Estes Express Lines	10,069	9,689	64,481	58,968	56,555	51,223	7,926	7,745	87.7	86.9	608	587	13,810	587
Fleet Transport Company, Inc.	966	731	51,718	40,535	52,625	42,070	(907)	(1,535)	101.7	103.8	26	26	369	26
Food Carrier, Inc.	554	717	8,398	8,371	7,832	7,655	566	716	93.3	91.4	0	0	0	0
Forbes Transfer Company, Inc.	637	531	6,507	6,437	6,214	6,182	293	255	95.5	96.0	66	67	1,132	67
Fredrickson Motor Express Corporation	19,212	20,942	35,577	38,706	35,172	37,246	405	1,460	98.9	96.2	850	900	17,642	900
Fulton, Arthur H., Inc.	15,264	N/A	15,264	N/A	14,344	N/A	920	N/A	94.0	N/A	75	N/A	1,875	N/A
Gabler, H.C., Inc.	106	18	13,633	127	13,547	131	86	(4)	99.4	102.9	N/A	N/A	N/A	N/A
Gaines Motor Lines, Inc.	N/A	0	15,159	12,483	12,511	10,865	2,648	1,618	82.5	87.0	121	116	2,721	2,406
Gilliland Transfer Company	N/A	54	8,287	7,560	8,076	7,447	211	113	97.5	98.5	N/A	0	N/A	0
Glass Container Transport	1,271	1,316	5,243	4,358	4,797	4,040	446	318	91.5	92.7	49	55	972	206
Glosson Enterprises, Inc.	22	47	7,257	7,296	6,506	6,741	751	555	89.7	92.4	95	182	1,941	1,961
Green Arrow Motor Express Company	114	148	11,468	10,366	12,757	10,838	(1,289)	(472)	111.2	104.5	1	0	37	0
Greenwood Motor Lines, Inc.	172	47	11,126	8,782	9,823	7,245	1,303	1,537	88.3	82.5	30	14	645	385
Gypsum Haulage, Inc.	0	0	14,163	13,819	12,852	12,897	1,311	922	90.7	93.3	0	0	0	0
H & W Trucking Company, Inc.	N/A	7,609	7,392	7,609	6,746	6,777	646	832	91.2	90.5	101	87	1,552	1,690
Herman Brothers, Inc.	0	0	20,999	23,103	20,716	22,067	283	1,036	98.7	95.5	0	0	0	0
Holly Farms Poultry Industries, Inc.	689	661	14,173	13,627	20,414	19,394	(6,241)	(5,767)	144.0	142.3	166	162	4,524	4,398
Home Transportation Company, Inc.	N/A	28	14,191	28,173	14,340	27,901	(149)	272	101.0	99.0	N/A	5	N/A	77,439
Horizon Transportation Services Corporation	0	N/A	7,927	N/A	7,895	N/A	32	N/A	99.6	N/A	21	N/A	477	N/A
Indianhead Transportation Company, Inc.	0	N/A	11,299	26,742	11,918	28,640	(619)	(1,898)	105.5	107.1	0	N/A	0	N/A
Infinger Transportation Company, Inc.	533	559	8,712	9,369	8,316	9,280	396	89	95.5	99.1	16	0	296	0
Iredell Milk Transportation, Inc.	243	153	5,571	5,109	5,495	4,857	76	252	98.6	95.0	55	55	1,204	1,119
J & S Truck Service, Inc.	0	0	11,849	11,606	11,667	11,532	182	74	98.5	99.4	142	143	2,791	2,925

FIGURE NO. 9-1 CONTINUED
Motor Freight Carriers--Class I
Grouped By Major Type of Products Transported
Calendar Years 1985 and 1984
(Dollars in 000s)

	North Carolina Regulated Revenues		TOTAL COMPANY DATA: Revenues		Expenses		Net Operating Income		Operating Ratios		Average Number of Employees		Total Salaries Paid	
	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984
Jefferson Trucking Company	$6	$0	$14,277	$12,624	$13,097	$11,650	$1,180	$974	91.7	92.3	0	0	$0	$0
Kenan Transport Company	6,339	N/A	34,605	33,096	31,461	29,019	3,144	4,077	90.9	87.7	164	N/A	5,318	N/A
Kenosha Auto Transport Corporation	0	0	56,518	60,711	57,141	59,409	(623)	1,302	101.1	97.9	N/A	0	N/A	0
Lawrence Transportation System, Inc.	159	468	9,282	8,822	10,061	9,126	(779)	(304)	108.4	103.4	79	73	1,128	968
Leaseway Customized Transport, Inc.	0	N/A	9,386	N/A	9,609	N/A	(223)	N/A	102.4	N/A	0	N/A	0	N/A
Leaseway Deliveries, Inc.	0	N/A	40,063	9,263	39,159	9,512	904	(249)	97.7	102.7	0	N/A	0	N/A
Lebarnold, Inc.	93	180	6,797	7,690	6,508	8,100	289	(410)	95.7	105.3	33	63	696	1,245
Liquid Transporters, Inc.	1,460	0	30,295	22,706	32,616	22,852	(2,321)	(146)	107.6	100.6	42	31	623	370
Logistics Express, Inc.	0	N/A	15,506	N/A	14,435	N/A	1,071	N/A	93.1	N/A	0	N/A	0	N/A
MGM Transport Corporation	17	N/A	17,617	N/A	16,887	N/A	730	N/A	95.8	N/A	153	N/A	3,223	N/A
McClendon, Glenn Trucking Company, Inc.	41	178	32,363	30,257	30,148	27,998	2,215	2,259	93.2	92.5	13	16	212	208
McClean Trucking Company	125	262	485,672	487,615	516,507	501,672	(30,835)	(14,057)	106.4	102.9	1,300	1,390	37,929	40,131
Matlack, Inc.	453	297	200,243	209,064	203,539	200,382	(3,296)	8,682	101.6	95.8	14	9	373	221
Melton Truck Lines, Inc.	133	16	53,273	59,099	53,105	58,034	168	1,065	99.7	98.2	9]		146	83
Mercer Brothers Trucking Company	302	313	8,746	7,835	8,594	7,574	152	261	98.3	96.7	86	83	1,622	1,463
Merchants Home Delivery Service, Inc.	0	0	44,905	40,093	41,143	36,856	3,762	3,237	91.6	91.9	0	0	0	0
Mitchell Transport	240	334	35,299	31,638	36,181	29,793	(882)	1,845	102.5	94.2	5	6	92	102
Moss Trucking Company, Inc.	904	457	14,979	15,842	14,246	14,756	733	1,086	95.1	93.1	117	135	2,732	2,742
Motor Convoy, Inc.	N/A	N/A	104,385	92,977	103,357	90,282	1,028	2,695	99.0	97.1	N/A	N/A	N/A	N/A
Murrow's Transfer, Inc.	314	194	9,343	9,839	9,103	9,100	240	739	97.4	92.5	157	160	3,290	3,406
NTC of America, Inc.	485	106	78,512	83,101	79,727	82,627	(1,215)	474	101.5	99.4	3	2	20	17
National Freight, Inc.	125	177	103,390	89,290	101,976	88,137	1,414	1,153	98.6	98.7	15	7	300	160
North American Van Lines, Inc.	825	64	680,120	421,374	664,864	400,521	15,256	20,853	97.8	95.1	9	7	162	125
Nu-Car Carriers, Inc.	7	650	116,605	113;353	110,837	110,417	5,768	2,936	95.1	97.4	14	15	572	639
Observer, The Transportation Company	532	990	6,114	5,629	5,812	5,283	302	346	95.1	93.9	107	109	2,767	2,577
Old Dominion Freight Line, Inc.	1,601	1,841	112,790	127,354	112,028	127,004	762	350	99.3	99.7	952	974	16,409	19,260
Overnite Transportation Company	7,523	7,732	469,695	414,394	398,382	355,410	71,313	58,984	84.8	85.8	1,063	1,293	24,882	24,443
Pilot Freight Carriers, Inc.	0	N/A	180,600	208,412	192,607	218,477	(12,007)	(10,065)	106.6	104.8	1,132	N/A	31,600	N/A
Ploof Truck Lines, Inc.	2,472	331	35,852	34,529	30,857	29,554	4,995	4,975	86.1	85.6	59	51	1,118	1,020
Pony Express Courier Corporation	9,817	8,749	52,368	46,675	50,302	45,631	2,066	1,044	96.1	97.8	170	335	1,747	3,716
Purolator Courier Corporation	1,052	1,134	436,663	436,635	508,906	440,832	(72,243)	(4,197)	116.5	100.1	216	130	3,027	2,441
Redwing Carriers, Inc.	0	0	28,594	25,862	28,650	26,277	(56)	(415)	100.2	101.6	N/A	0	N/A	0
Roberts Express, Inc.	20	1	35,798	26,168	31,908	24,891	3,890	1,277	89.1	95.0	3	0	76	0
Russell Transfer, Inc	38	333	13,363	16,427	14,218	17,459	(855)	(1,032)	106.4	106.2	66	73	1,642	2,009
Santee Carriers, Inc.	530	537	15,578	15,718	15,181	15,180	397	538	97.4	96.6	64	55	946	936
Schwerman Trucking Company	9	200	49,574	55,449	48,161	52,843	1,413	2,606	97.1	95.3	5	N/A	84	111
Senn Trucking Company	N/A	0	19,395	17,195	18,443	16,002	952	1,193	95.1	93.1	N/A	N/A	N/A	N/A
Smith, Aaron Trucking Company, Inc.	1,166	N/A	7,033	5,337	6,919	5,716	114	(379)	98.4	107.1	81	N/A	1,367	N/A
Southeastern Freight Lines	2,203	14,681	77,067	70,048	69,096	59,940	7,971	10,108	89.7	85.6	270	242	7,440	6,302
Spartan Express, Inc.	1,366	496	37,493	33,972	35,712	29,531	1,781	4,441	95.3	86.9	220	233	5,124	4,915
Standard Trucking Company	21,598	11,023	52,308	45,930	55,363	49,865	(3,055)	(3,935)	105.8	108.6	N/A	711	N/A	16,241
Stevens Van Lines, Inc.	2	N/A	15,167	N/A	13,586	N/A	1,581	N/A	89.6	N/A	1	N/A	8	N/A
Stone, Roy Transfer Corporation	40	N/A	15,561	N/A	16,021	N/A	(460)	N/A	103.0	N/A	32	N/A	754	N/A
Superior Trucking Company, Inc.	11	17	17,631	26,952	17,626	27,045	5	(93)	100.0	100.3	0	N/A	0	N/A

FIGURE NO. 9-1 CONTINUED

Motor Freight Carriers--Class I
Grouped By Major Type of Products Transported
Calendar Years 1985 and 1984
(Dollars in 000s)

	North Carolina Regulated Revenues		TOTAL COMPANY DATA											
			Revenues		Expenses		Net Operating Income		Operating Ratios		Average Number of Employees		Total Salaries Paid	
	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984
Terminal Trucking Company, Inc.	$3,176	$3,445	$5,839	$4,417	$4,252	$3,175	$1,587	$1,242	72.8	72.0	110	82	$1,928	$1,576
Thurston Transportation Company	7,090	7,460	136,572	111,475	138,292	109,406	(1,720)	2,069	101.3	98.1	1,285	1,231	26,061	24,394
Transport Service Company	242	288	22,554	20,746	21,378	19,644	1,176	1,102	94.8	94.7	6	7	147	100
Tri-State Motor Transit Company	257	278	114,543	109,631	114,979	108,549	(436)	1,082	100.4	99.0	4	3	82	64
UTF Carriers, Inc.	0	0	9,440	6,925	9,132	6,810	308	115	96.7	98.3	0	0	0	0
Underwood & Weld Company, Inc.	91	51	5,886	5,519	6,021	5,476	(135)	43	102.3	99.0	83	85	1,512	1,628
United Parcel Service, Inc.	26,801	25,654	4,898,303	4,453,462	4,361,577	3,985,994	536,726	467,468	89.0	89.5	2,089	1,999	89,309	82,346
Vance Trucking Company	346	437	5,068	5,756	5,018	5,675	50	81	99.0	98.6	75	80	912	1,308
Watkins Motor Lines, Inc.	0	N/A	118,482	115,231	111,012	110,358	7,470	4,873	93.7	95.8	159	206	4,868	4,896
West Point Pepperell Transportation Company	767	1,046	23,152	24,279	18,722	20,323	4,430	3,956	80.9	83.4	20	19	607	569
Williamson Truck Lines, Inc.	0	1	5,411	6,561	5,375	6,535	36	26	99.3	99.6	N/A	N/A	N/A	N/A
Wilson Trucking Corporation	2,112	1,642	48,651	45,731	43,214	40,100	5,437	5,631	88.8	87.7	230	210	5,486	4,776
Wingate Trucking Company	0	0	14,551	12,960	10,734	10,158	3,817	2,802	73.8	78.4	0	0	0	0
Youngblood Truck Lines	0	0	18,629	16,157	18,176	15,500	453	657	97.6	95.9	N/A	125	N/A	2,415
Total	$196,110	$167,038	$13,340,609	$12,000,814	$12,542,096	$11,200,378	$798,513	$800,436	94.0	93.3	20,169	18,768	$533,495	$491,750
Grand Total	$199,397	$168,966	$13,734,890	$12,368,893	$12,915,615	$11,548,729	$819,275	$820,164	94.0	93.4	20,584	19,172	$542,922	$500,849

N/A--Not Available

Grand Total Class I Motor
Freight Carriers for:
1985 = 133
1984 = 121

FIGURE NO. 9-2

Motor Freight Carriers--Class II
Grouped By Major Type of Products Transported
Calendar Years 1985 and 1984
(Dollars in 000s)

	North Carolina Regulated Revenues		TOTAL COMPANY DATA											
			Revenues		Expenses		Net Operating Income		Operating Ratios		Average Number Of Employees		Total Salaries Paid	
	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984
Mobile Home Movers:														
Chandler Trailer Convoy, Inc.	$1	$0	$2,443	$28	$2,477	$29	($34)	($1)	101.4	103.6	0	0	$0	$0
Dedmon, A.V. Trucking, Inc.	292	293	1,413	1,200	1,342	1,118	71	82	95.0	93.2	25	22	437	377
Modular Transport, Inc.	73	120	2,429	723	2,816	815	(387)	(92)	115.9	112.7	9	6	85	50
Total	$366	$413	$6,285	$1,951	$6,635	$1,962	($350)	($11)	105.6	100.6	34	28	$522	$427
Household Goods Carriers:														
Action Moving & Storage, Inc.	$46	N/A	$1,000	N/A	$971	N/A	$29	N/A	97.1	N/A	50	N/A	$459	N/A
Airway Moving & Storage, Inc.	99	1,046	2,509	2,198	2,454	2,149	55	49	97.8	97.8	65	56	821	643
Carolina Moving & Storage, Inc.	125	191	3,778	1,650	1,245	1,629	2,533	21	96.7	98.7	64	64	1,076	1,035
Charlotte Van & Storage Company, Inc.	173	1,819	2,563	3,269	2,429	3,263	134	6	94.8	99.8	63	63	1,229	1,146
City Transfer & Storage Company	266	916	2,079	1,522	1,840	1,388	239	134	88.5	91.2	42	41	952	688
Clark Transfer Company, Inc.	68	62	1,025	865	1,102	791	(77)	74	107.5	91.4	30	30	327	361
DeHaven's Transfer & Storage, Inc.	18	312	1,478	1,251	1,455	993	23	258	98.4	79.4	50	40	657	571
Fayetteville Moving & Storage, Inc.	43	20	1,012	984	842	906	170	78	83.2	92.1	16	16	233	282
Fleming, J. Clint Inc.	54	51	2,665	2,818	2,533	2,770	132	48	95.0	98.3	5	7	93	129
Horne Storage Company, Inc.	90	41	1,634	1,620	1,502	1,568	132	52	91.9	96.8	30	26	689	566
Jackson Moving & Storage Company, Inc.	353	280	1,213	1,224	1,196	1,196	17	28	98.6	97.7	24	24	408	369
Martin Transfer & Storage	681	367	1,712	1,680	1,724	1,591	(12)	89	100.7	94.7	60	57	717	624
Modern Moving & Storage, Inc.	76	323	1,117	1,130	1,100	1,084	17	46	98.0	95.6	25	23	286	288
Murray Transfer & Storage Company, Inc.	51	60	1,232	734	1,215	762	17	(28)	98.6	103.8	47	39	428	428
Piedmont Movers, Inc.	81	243	1,158	1,051	1,070	956	88	95	92.4	91.0	10	6	147	93
Ray Moving & Storage, Inc.	174	512	1,321	1,225	1,320	1,152	1	73	99.1	94.0	20	25	449	394
Security Storage, Inc.	183	429	2,353	2,179	2,169	2,086	184	93	92.1	95.7	57	50	618	572
Smith, M.M. Storage Warehouse, Inc.	40	358	1,281	1,061	1,256	1,010	25	51	98.0	95.2	53	47	773	605
Tatum-Dalton Transfer Company	180	579	1,512	1,867	1,537	1,777	(25)	90	101.7	95.2	N/A	49	N/A	794
Tru-Pak Moving & Storage	77	43	3,872	3,315	3,057	2,067	815	1,248	79.0	62.4	45	30	781	393
Washburn Storage Company	3	2	2,788	3,216	2,721	3,077	67	139	97.8	95.6	10	18	95	174
Wooldridge, J.C., Inc.	5	3	1,484	1,858	1,678	1,811	(194)	47	113.1	97.0	0	0	0	0
Total	$2,886	$7,657	$40,786	$36,717	$36,416	$34,026	$4,370	$2,691	89.3	92.7	766	711	$11,238	$10,155
General Commodities Carriers:														
Air Cargo Services, Inc.	$24	$2,531	$2,727	$2,708	$2,715	$2,659	$12	$49	99.6	98.2	86	80	$1,315	$1,110
American Parcel Service, Inc.	502	764	1,035	1,095	1,028	1,040	7	55	99.3	95.0	4	4	81	112
Barnett Truck Line, Inc.	970	1,002	1,792	1,744	1,777	1,702	15	42	99.1	97.6	34	34	544	551
Baucom's Transfer & Storage Company, Inc.	199	366	1,364	1,373	1,307	1,308	57	65	95.8	95.3	38	45	565	564
Blue Ridge Trucking Company	4,177	4,072	4,177	4,072	4,049	3,956	128	116	96.9	97.0	79	69	1,880	1,978
Building Systems Transportation, Inc.	19	22	3,934	3,547	3,718	3,463	216	84	94.5	97.6	0	1	0	9
Bunch Trucking Company, Inc.	691	988	1,855	1,901	1,852	1,899	3	2	99.8	99.9	30	17	387	200

FIGURE NO. 9-2 CONTINUED

Motor Freight Carriers--Class II
Grouped By Major Type of Products Transported
Calendar Years 1985 and 1984
(Dollars in 000s)

	North Carolina Regulated Revenues		TOTAL COMPANY DATA											
			Revenues		Expenses		Net Operating Income		Operating Ratios		Average Number Of Employees		Total Salaries Paid	
	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984
Byrum, A.T. & Son, Inc.	$147	N/A	$2,599	N/A	$2,467	N/A	$132	N/A	95.0	N/A	61	N/A	$498	N/A
CFI Transport, Inc.	52	45	3,479	3,117	3,017	2,778	462	339	86.7	89.1	35	32	861	780
Camp Trucking, Inc.	0	N/A	1,592	N/A	1,527	N/A	65	N/A	96.0	N/A	18	N/A	334	N/A
Cargocare Transportation Company	402	436	2,833	2,732	2,705	2,565	128	167	95.5	93.9	7	7	189	180
Cargo Transporters, Inc.	22	17	4,498	3,315	4,370	3,255	128	60	97.2	98.0	53	33	1,171	937
Carolina Tank Lines, Inc.	235	157	1,563	855	1,601	860	(38)	(5)	102.4	100.6	11	11	267	202
Carrier Freight Lines, Inc.	6	2,692	3,358	2,706	3,266	2,571	92	135	97.3	95.0	38	25	852	588
Carroll's Transfer, Inc.	0	257	1,732	1,991	1,764	1,976	(32)	15	101.8	99.2	26	28	558	507
Carter, Robahlee	1,312	1,241	1,312	1,241	1,472	1,153	(160)	88	112.2	93.0	23	19	197	179
Cary Oil Company, Inc.	1,589	N/A	1,600	N/A	1,448	N/A	152	N/A	90.5	N/A	75	N/A	1,375	N/A
Clarkson Bros. Machinery Haulers, Inc.	6	N/A	1,658	1,715	1,840	1,705	(182)	10	111.0	99.4	0	N/A	0	N/A
Coastal Transport, Inc.	2,318	2,050	2,599	2,271	2,402	2,061	197	210	92.4	91.0	25	13	515	374
Commercial Courier Express, Inc.	2,689	1,953	3,593	2,916	3,586	2,649	7	267	99.8	90.9	159	125	1,603	1,541
Cooke Trucking Company, Inc.	0	0	3,086	2,735	2,734	2,346	352	389	88.6	85.8	60	54	574	729
Cox Trucking	243	391	1,688	1,713	1,665	1,677	23	36	98.6	97.9	23	21	445	271
Custom Transport, Inc.	794	810	4,954	4,270	4,636	4,145	318	125	93.6	97.1	85	82	1,796	1,631
D & L Trucking, Inc.	1,251	1,773	2,597	2,751	2,497	2,651	100	100	96.1	96.3	52	56	959	865
Dairy Leasing Service, Inc.	2,744	N/A	3,430	2,878	3,352	2,750	78	128	97.7	95.6	38	N/A	563	N/A
Davie Truckers, Inc.	1,584	1,392	3,104	3,000	2,907	2,832	197	168	93.7	94.4	24	26	480	479
Dependable Tank Lines, Inc.	75	N/A	1,950	N/A	1,769	N/A	181	N/A	92.0	N/A	4	N/A	81	N/A
E-B Trucking Company, Inc.	1,126	1,149	1,126	1,149	1,152	1,174	(26)	(25)	102.3	102.3	17	15	244	261
East Carolina Oil Transport, Inc.	1,937	1,518	1,937	1,518	1,901	1,475	36	43	98.2	97.2	43	43	632	480
East Coast Transport Company, Inc.	1,796	1,667	1,796	1,667	1,629	1,612	167	55	90.7	96.7	28	32	522	491
Eastern Motor Lines, Inc.	0	0	2,345	2,129	2,221	2,004	124	125	94.7	94.1	8	3	132	81
Edmac Trucking Company, Inc.	269	373	1,456	1,394	1,484	1,399	(28)	(5)	101.9	100.3	25	27	418	385
Everette Express, Inc.	69	281	3,273	3,683	3,231	3,228	42	455	98.7	87.7	25	30	453	474
Everette Truck Line, Inc.	5	44	4,895	5,814	4,826	5,734	69	80	98.6	98.6	73	103	633	787
Ezzell Trucking, Inc.	502	588	2,697	2,625	2,179	2,102	518	523	80.8	80.1	30	29	543	503
Fanelli Bros. Trucking Company	0	0	2,386	2	2,595	2	(209)	0	108.0	99.5	0	0	0	0
First American Carriers, Inc.	0	N/A	3,478	N/A	4,001	N/A	(523)	N/A	115.0	N/A	60	N/A	896	N/A
Forbes Refrigerated Transport, Inc.	39	68	1,104	1,272	1,066	1,269	38	3	96.0	99.8	15	17	300	338
Gallimore, D.P. and Sons, Inc.	N/A	0	3,330	3,017	3,199	2,804	131	213	96.1	92.9	N/A	46	N/A	702
Goldston Transfer, Inc.	213	N/A	1,577	N/A	1,858	N/A	(281)	N/A	117.8	N/A	71	N/A	494	N/A
Grant's Trucking Service, Inc.	0	N/A	1,151	N/A	1,140	N/A	11	N/A	99.0	N/A	35	N/A	319	N/A
Groves, F.W. Trucking Company	536	677	2,257	2,282	2,278	2,224	(21)	58	100.9	97.0	35	41	550	540
Guignard Freightlines, Inc.	272	194	3,143	3,570	3,050	3,471	93	99	97.0	97.2	98	102	2,162	2,153
HFCS Transport Company, Inc.	888	510	2,800	2,249	2,460	2,254	340	(5)	87.8	100.2	30	30	718	604
H & S Truck Service of Ahoskie, Inc.	101	80	1,329	1,471	914	1,289	415	182	68.8	87.6	27	27	389	411
Harper Trucking Company, Inc.	2,327	N/A	2,502	2,167	2,399	2,047	103	120	95.9	94.5	50	N/A	1,280	N/A
Henry, C.S. Transfer, Inc.	72	123	3,873	3,487	3,688	3,287	185	200	95.2	94.2	66	68	1,450	1,385
Harrell, R.O., Inc.	275	376	1,333	1,231	1,249	1,163	84	68	93.7	94.5	0	0	0	0
Howell's Motor Freight, Inc.	48	233	2,584	233	2,378	210	206	23	92.0	90.0	76	76	988	936

FIGURE NO. 9-2 CONTINUED

Motor Freight Carriers--Class II
Grouped By Major Type of Products Transported
Calendar Years 1985 and 1984
(Dollars in 000s)

	North Carolina Regulated Revenues		TOTAL COMPANY DATA											
			Revenues		Expenses		Net Operating Income		Operating Ratios		Average Number Of Employees		Total Salaries Paid	
	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984
Hudson Transportation, Inc.	N/A	$23	$4,029	$4,380	$3,942	$4,165	$87	$215	97.8	95.1	N/A	13	N/A	$155
Hucks Piggyback Service, Inc.	152	0	1,330	1,192	985	852	345	340	74.1	72.0	25	18	396	311
Indiana Liquid Transport, Inc.	97	N/A	4,092	N/A	3,151	N/A	941	N/A	77.0	N/A	1	N/A	32	N/A
Interstate Cartage Company, Inc.	17	N/A	1,236	9,948	1,203	10,243	33	(295)	97.3	103.0	N/A	N/A	N/A	N/A
Kennedy Freight Lines, Inc.	0	N/A	2,528	N/A	2,502	N/A	26	N/A	99.0	N/A	2	N/A	21	N/A
Kugler, George W., Inc.	0	0	2,320	2,467	2,441	2,490	(121)	(23)	105.2	101.0	0	0	0	0
Lewis Truck Lines, Inc.	17	4	1,855	1,827	1,964	1,769	(109)	58	105.9	96.8	0	0	0	0
Lisk, Howard, Inc.	849	1,277	3,532	3,100	3,236	2,964	296	136	91.6	96.0	61	54	971	949
Louisiana-Pacific Trucking Company	45	44	2,850	2,779	2,588	2,527	262	252	90.8	90.9	0	0	0	0
McClellan Truck Lines	20	N/A	3,501	N/A	3,413	N/A	88	N/A	97.5	N/A	0	N/A	0	N/A
McLaurin Trucking Company	976	382	1,545	1,484	1,718	1,609	(173)	(125)	114.1	108.0	36	40	579	562
MD Goldston, Inc.	203	N/A	3,298	N/A	3,515	N/A	(217)	N/A	106.6	N/A	0	N/A	0	N/A
Merchants Transport of Hickory, Inc.	452	0	1,737	40,093	1,689	36,856	48	3,237	97.2	91.9	0	0	0	0
Merritt Trucking Company, Inc.	1,135	939	3,709	3,270	3,467	3,073	242	197	93.5	94.0	66	55	1,073	1,098
Nationwide Horse Carriers, Inc.	N/A	N/A	1,691	1,939	1,795	1,984	(104)	(45)	106.2	103.0	0	0	0	0
North State Motor Lines, Inc.	302	304	3,179	2,917	3,193	2,934	(14)	(17)	100.4	100.5	66	41	730	439
N.C. Transport, Inc.	126	N/A	1,047	N/A	1,020	N/A	27	N/A	97.4	N/A	12	N/A	297	N/A
Oliver Trucking Company, Inc.	0	0	4,541	5,612	4,265	4,725	276	887	93.9	84.2	0	0	0	0
Parmenter Transport Company, Inc.	1,293	1,201	1,520	1,419	1,630	1,375	(110)	44	107.3	96.9	22	25	316	340
Piedmont Fuel & Distributing Company, Inc.	794	243	1,058	1,051	994	956	64	95	94.0	91.0	23	6	413	93
Pioneer Trucking Company, Inc.	3	N/A	1,697	N/A	1,687	N/A	10	N/A	99.4	N/A	24	N/A	428	N/A
Pitt County Transportation, Inc.	283	305	3,746	3,791	3,634	3,629	112	162	97.0	95.7	47	42	914	907
Reliable Tank Line	1,532	1,346	1,658	1,443	1,249	1,051	409	392	75.3	73.0	27	25	493	444
Rocket Express, Inc.	107	58	1,071	579	949	653	122	(74)	88.0	112.8	24	20	263	188
Rothrock, J.L., Inc.	0	2,812	2,930	2,812	2,853	2,835	77	(23)	97.4	100.8	70	65	1,143	1,131
S & S Trucking Company	0	2	1,581	1,730	1,555	1,704	26	26	98.4	98.5	27	32	421	514
S & W Motor Lines, Inc.	0	0	1,317	944	1,581	1,104	(264)	(160)	120.0	117.0	26	27	445	420
Salem Carriers, Inc.	229	18	2,220	2,107	2,429	2,138	(209)	(31)	109.4	101.5	34	30	593	516
Seacoast, The Transportation Company	N/A	N/A	2,934	3,700	3,958	4,402	(1,024)	(702)	134.9	119.0	N/A	N/A	N/A	N/A
Sherman & Boddie, Inc.	397	354	1,518	1,653	1,278	1,351	240	302	84.2	81.7	28	30	505	540
Smith Transfer Company, Inc.	17	181	1,934	1,711	1,940	1,655	(6)	56	100.0	96.7	23	25	378	393
South Freight Service, Inc.	576	559	1,031	790	1,040	797	(9)	(7)	98.0	100.9	24	19	419	328
Southern Oil Transportation Company, Inc.	1,222	1,154	1,222	1,154	1,148	1,115	74	39	93.9	96.6	29	28	475	447
Stacy, D.W. Company, Inc.	0	N/A	2,685	N/A	2,592	N/A	93	N/A	96.0	N/A	0	N/A	0	N/A
Stegall, T.G. Trucking Company	0	0	2,832	2,596	2,739	2,475	93	121	96.7	95.3	45	41	710	676
Swann, A.D. Trucking Company, Inc.	1	0	1,058	969	1,120	973	(62)	(4)	105.9	100.4	37	35	286	267
Swing Transport, Inc.	3,122	1,430	4,869	4,348	4,526	3,976	343	372	93.0	91.4	61	21	1,326	527
Tidewater Transit Company, Inc.	1,550	1,699	3,261	2,546	2,969	2,389	292	157	91.1	93.8	45	41	963	834
Transport South, Inc.	149	N/A	4,602	2,615	3,781	2,059	821	556	82.2	78.7	3	1	38	32
Turner, Guy M., Inc.	214	107	1,508	1,068	1,364	994	144	74	90.5	93.0	75	90	204	175
2800 Corporation	963	600	1,139	730	1,112	744	27	(14)	98.0	101.9	16	14	378	270
321 Equipment Leasing Company	8	12	1,500	1,825	1,507	1,893	(7)	(68)	100.5	104.0	29	34	467	603
United Merchants Trucking, Inc.	45	N/A	3,594	4,560	4,187	4,803	(593)	(243)	116.5	105.3	46	N/A	1,340	N/A

FIGURE NO. 9-2 CONTINUED

Motor Freight Carriers--Class II
Grouped By Major Type of Products Transported
Calendar Years 1985 and 1984
(Dollars in 000s)

	North Carolina Regulated Revenues		TOTAL COMPANY DATA											
			Revenues		Expenses		Net Operating Income		Operating Ratios		Average Number Of Employees		Total Salaries Paid	
	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984
USA Eastern Freight, Inc.	$823	N/A	$3,045	N/A	$4,675	N/A	($1,630)	N/A	153.5	N/A	101	N/A	$903	N/A
Wallace Trucking Company	N/A	N/A	1,846	1,919	2,307	2,133	(461)	(214)	125.0	111.1	32	32	653	647
Wendell Transport Corporation	1,504	1,172	1,904	1,345	1,668	1,198	236	147	87.6	89.1	32	24	595	425
West Brothers Transfer & Storage	1,048	2,015	2,996	2,559	3,013	2,372	(17)	187	100.6	92.7	72	N/A	896	N/A
Whitley, Clayton, Helms Association, Inc.	203	N/A	1,140	N/A	447	N/A	693	N/A	39.2	N/A	25	N/A	179	N/A
Wicker Services, Inc.	729	578	1,081	578	1,118	580	(37)	(2)	103.4	100.3	20	12	536	257
Widenhouse, A.C., Inc.	2,968	2,508	2,968	2,508	2,833	2,470	135	38	95.5	98.5	73	66	1,158	1,060
Williams Cartage Company, Inc.	237	N/A	4,739	N/A	5,198	N/A	(459)	N/A	109.7	N/A	22	N/A	333	N/A
Worsley Transport	872	1,232	1,897	1,723	1,746	1,653	151	70	92.0	95.9	24	22	422	325
Yarbrough Transfer Company	587	949	2,013	1,822	1,850	1,631	163	191	91.9	89.5	31	30	630	612
Yelton Trucking Company, Inc.	232	1,170	1,701	1,660	835	1,144	866	516	49.1	68.9	12	12	185	143
Young Moving & Storage, Inc.	37	207	3,623	3,092	3,453	3,014	170	78	95.3	97.4	15	8	158	150
Total	$58,662	$55,725	$259,894	$241,961	$253,376	$236,158	$6,518	$5,803	97.5	97.6	9,368	8,501	$60,833	$47,048
Grand Total	$61,914	$63,795	$306,965	$280,629	$296,427	$272,146	$10,538	$8,483	96.6	97.0	10,168	9,240	$72,593	$57,630

N/A--Not Available

Grand Total Class II Motor
Freight Carriers for:
1985 = 129
1984 = 111

FIGURE NO. 9-3
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Mobile Home Movers:				
ACE Transport, Ltd.	$784,179	$12,953	$795,399	$122,899
Action Freight Lines, Inc.	5,159	4,430	5,159	4,430
Alfred's Mobile Home Movers	96,315	0	96,315	N/A
Atlantis Transporters	1,480	N/A	1,480	N/A
B & B Movers, Inc.	7,152	6,840	7,152	6,840
B & C Trucking Co., Inc.	80,433	90,095	80,433	90,095
Benton, James Edward	1,325	915	1,325	915
Best Way Motor Lines, Inc.	0	443,483	953,159	443,483
Big King Mobile Home Sales	2,464	900	2,464	N/A
Bob Mobile Home Transport & Service	99,466	68,439	99,466	68,439
Border's Mobile Home Movers	39,579	24,052	52,539	24,052
Bradly, Bill B.	46,358	44,364	46,358	44,364
Brafford, Boyd W., Jr.	113,380	59,972	113,380	59,972
Broglin Delivery Service	72,609	67,188	72,609	67,188
Bullock, Richard Edwin	8,655	11,924	8,655	11,924
Bryant, Billy Trailer Moving	60,953	35,473	60,953	35,473
Bryant's Trailer Convoy	54,587	55,168	54,587	55,168
Canipe's Wrecker Service & Mobile Home Movers	3,660	5,475	3,660	5,475
Cantrell, Charles Assoc., Inc.	140	120	140	120
Carolina Cartage & Associates	176,099	2,298	269,238	2,298
Carrolls Mobile Home Transport	65,947	64,347	65,947	64,347
Carteret Mobile Home Movers	25,500	16,038	25,500	16,038
Coats, Lewis C.	171,058	146,213	171,058	146,213
Cockerham, Wallace Towing, Inc.	31,020	30,214	31,020	30,214
Coley's Welding Service	8,000	6,000	8,000	6,000
Council's Mobile Movers, Inc.	42,243	27,134	42,243	27,134
Cox, James E.	7,229	7,965	7,229	7,965
Cromartie Transport Co., Inc.	569,984	345,431	778,308	569,789
Daniels Garage	3,500	N/A	3,500	N/A
Davidson, R.	151,494	216,000	190,872	428,418
Davis Mobile Home Movers	296,272	N/A	296,272	N/A
Deerwood Transport, Inc.	55,000	N/A	571,342	N/A
Delivery Services, Inc.	141,460	31,500	141,460	31,500
Eastern Mobile Transport, Inc.	0	0	293,347	140,394
ECE Homes & Transporting	1,490	2,246	1,490	2,246
Eric's Mobile Home Service	12,500	N/A	12,500	N/A
Evans, Donald Mobile Home Movers, Inc.	30,922	31,611	206,020	210,742
Faulkner, John Motors, Inc.	6,167	N/A	6,167	N/A
Frady, James Woodrow	32,382	35,376	32,382	35,376
Frank's Mobile Home Movers	17,984	19,862	17,984	19,862
Gilbert, Jimmy	6,610	5,166	6,610	5,166
Glover Sales, Inc.	607	1,593	607	1,593
Grandpap Mobile Home Service	117,726	121,492	117,726	121,492
Hall's Mobile Home Movers	17,935	19,015	17,935	19,015

FIGURE NO. 9-3 CONTINUED
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Hamrick Mobile Homes	$2,755	$0	$2,755	$0
Heritage Homes, Inc.	47,505	43,756	47,505	43,756
Herman, Ray L.	16,935	8,115	16,935	8,115
J. & R. Mobile Home Moving & Repair Co.	104,996	46,700	104,996	46,700
Jack's Mobile Home Service	20,979	23,605	20,979	23,605
Johnny Mobile Home Service of Asheville	N/A	30,665	20,526	89,265
Johnson Mobile Home Service	19,056	17,250	19,056	17,250
Johnson, Jerry Mobile Home Movers	2,003	5,294	2,003	5,294
King Arthur's Court	4,247	65,341	42,470	65,341
L. B. Transport, Inc.	400	N/A	400	N/A
Lamb's Mobile Home Movers	11,000	32,000	11,000	32,000
Laughinghouse, Charles C.	54,640	96,200	100,549	96,200
Leisure Living Homes	37,482	N/A	37,628	N/A
Lewis, Joe Mobile Home Moving & Service, Inc.	45,847	63,196	45,847	63,196
Lorraine Transporters	8,333	17,988	8,333	17,988
Lower Creek Mobile Homes	19,250	12,900	19,250	12,900
M & M Movers	20,000	18,000	20,000	18,000
McCreary's Mobile Home Towing	34,460	36,400	34,460	36,400
McLaurin's Mobile Home Service	28,300	20,200	28,300	20,200
McMahan Mobile Home Movers	108,626	85,522	108,626	85,522
Maness, Walter Clyde	3,015	360	3,015	360
Master Mobile Home Movers, Inc.	0	43,221	49,173	43,221
Minton, Edwin	43,732	N/A	43,732	N/A
Mobile Home Sales & Repair	54,998	N/A	54,998	N/A
Mobile Maintenance, Inc.	N/A	0	177,189	30,571
Moncure, Henry Motors, Inc.	1,257	607	1,257	607
Moore's Mobile Manor and Service	33,450	28,317	33,450	28,317
Oak Hill Mobile Home Movers, Inc.	9,300	12,625	9,300	12,625
P & G, Inc.	196,295	139,223	196,295	139,223
P & Y Mobile Homes, Inc.	840	4,520	840	4,520
Patterson, Ralph K.	879	1,000	879	1,000
Paul, Charles	98,919	192,711	98,919	192,711
Piedmont Mobile Home Movers	10,000	40,000	10,000	40,000
Pinebluff Mobile Home Park	1,450	N/A	1,450	N/A
Pop's Trailer Towing Co., Inc.	167,392	175,822	167,392	175,822
Potter's Mobile Home Service	55,604	0	55,604	40,148
Price, Harold Maxton Mobile Home Movers	14,290	18,900	14,290	18,900
R. W. Mobile Home Movers	44,300	N/A	44,300	N/A
Ratley's Mobile Home Sale & Service	3,183	2,230	3,183	N/A
Rice's Mobile Home Service	7,568	5,458	7,568	5,458
Rick's Trailer Park	23,737	21,133	23,737	21,133
Riverside Mobile Home Movers	1,737	22,891	1,737	22,891
Ronald's Trailer Transport	45,804	44,865	62,390	65,359
Rorers Mobile Home	17,216	13,855	17,216	13,855
S & H Mobile Home Movers	18,678	31,909	18,678	31,909

FIGURE NO. 9-3 CONTINUED
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Sloop Welding Service	$10,703	N/A	$10,703	N/A
Smith, Larry M. Trucking Inc.	17,063	15,284	17,063	15,284
Spruill, Norman Arlington	42,345	42,687	49,818	51,162
Sterling's Mobile Home Service	18,000	9,229	18,000	9,229
Stevenson, R.L.	9,357	17,366	9,537	17,366
T & W Mobile Home Movers, Inc.	17,853	N/A	17,853	N/A
Tarheel Wheel & Axle, Inc.	243,779	251,037	243,779	251,037
Village Homes of the Pamlico, Inc.	4,122	3,472	4,122	3,472
Williamson Mobile Home Transit	243,335	24,758	24,335	24,758
Wilson Enterprises, Inc.	180,084	142,138	180,084	N/A
Wood Mobile Home Movers	7,000	7,500	7,000	7,500
Total	$5,701,122	$3,997,542	$8,140,494	$4,876,709

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Household Goods Movers:				
A-1 Moving & Storage, Inc.	$54,074	$44,072	$395,570	$277,088
AAA Spruill Moving & Storage	33,226	7,777	66,461	38,607
AAA Storage Company, Inc.	14,382	12,292	613,478	543,034
ABC Moving & Storage, Inc.	203,603	130,060	702,410	681,167
ACE Moving & Storage Company	0	12,953	91,791	122,899
Abernethy Transfer & Storage Co., Inc.	31,531	12,906	187,419	228,924
Acme Movers & Storage Co., Inc.	21,290	11,550	299,073	321,146
Affiliated Services, Inc.	14,073	N/A	108,661	N/A
All American Movers of Goldsboro, Inc.	0	N/A	76,553	82,900
All American Moving & Storage, Inc.	37,800	22,663	369,688	301,645
All States Moving & Storage Co., Inc.	18,085	6,442	670,349	565,835
Allen's Moving & Storage, Inc.	2,704	1,802	230,791	274,848
Allen's Moving Service of Fayetteville, Inc.	0	10,571	198,174	191,983
Alternative Moving Systems	51,518	111,212	444,619	419,102
American Distribution Systems, Inc.	3,478	21,142	315,606	269,098
American Relocation Services, Inc.	955	N/A	955	N/A
Asheville Transfer & Storage, Inc.	96,525	53,289	564,826	513,807
Atlantic Pacific Van & Storage, Inc.	111,067	106,708	117,955	107,025
B & W Local Moving, Inc.	0	0	255,751	264,873
Baker, Tom Express	648,185	565,049	835,090	712,561
Bartlett, Jack Moving & Construction	11,840	8,100	44,213	36,300
Betts Private Enterprise	2,721	3,471	N/A	3,471
Branch Moving & Storage Co.	19,048	14,859	N/A	N/A

FIGURE NO. 9-3 CONTINUED
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Brevard Moving & Storage Co., Inc.	$107,064	$54,430	$208,694	$196,684
Bright's Transfer, Moving & Storage	0	0	14,262	10,728
Brigman Transfer Company	19,974	N/A	38,147	N/A
Burks Moving & Storage, Inc.	29,372	20,881	396,356	375,931
Byers, Samuel Augusta	43,212	23,500	57,472	56,582
Campbell's Transfer	0	91,562	30,732	142,376
Capitol Van Lines, Inc.	25,838	21,476	267,973	248,578
Cardinal Moving & Storage, Inc.	122,940	74,862	993,712	989,465
Cashion Moving & Storage, Inc.	65,047	45,883	220,192	181,509
Center Line, Inc.	5,180	103,670	69,082	124,257
Central Warehouse Co. of Durham, Inc.	0	0	389,840	344,262
Champion Cab & Transfer Co.	14,230	14,098	14,230	15,898
City Transfer & Storage Company of Fayetteville, Inc.	120	0	41,841	48,256
Coastal Moving Co., Inc.	10,549	3,911	432,228	375,303
Coley Moving & Storage, Inc.	289,546	125,394	697,722	612,639
Crown Moving & Storage, Inc.	14,077	3,320	406,375	431,097
Custom Moving & Storage, Inc.	4,422	3,801	368,950	343,167
David's Econo Move, Inc.	348,453	0	348,453	425,659
Dawson-Joyce Moving & Storage, Co.	5,883	3,684	429,526	356,644
DeHaven's Transfer & Storage of Greensboro, Inc.	29,348	26,066	708,125	580,019
Dehaven's Transfer & Storage of Raleigh, Inc.	63,297	N/A	366,429	N/A
Denham Moving & Storage, Inc.	40,196	18,158	207,605	189,573
Dixie Moving & Storage Company, Inc.	504	2,520	691,381	507,900
Dunmar Moving Systems	90,366	88,229	744,074	616,367
East, The Spencer Moving Corp.	18,112	14,335	18,112	14,335
Fidelity Moving & Storage Co., Inc.	68,125	35,908	648,901	618,569
Fleming-Shaw Transfer & Storage, Inc.	59,533	48,546	757,886	692,239
Four Seasons Moving Company	58,228	36,156	144,574	119,861
Fox Brothers	30,610	25,035	119,530	112,536
Gasperson Transfer, Inc.	30,512	30,410	163,266	143,732
Gilbert Trucking Co.	51,109	27,418	148,435	133,730
Goldsboro Van & Storage, Inc.	2,885	1,770	167,030	113,423
Graebel/North Carolina Movers, Inc.	66,578	N/A	589,402	N/A
Greenwood Transfer & Storage Company, Inc.	3,000	0	49,686	48,402
Griffin Transfer & Storage Co., Inc.	87,801	57,960	174,048	164,062
Grose, J.R. Transfer Co.	38,122	8,534	38,122	50,713
Halls Transfer	36,209	21,205	80,134	75,931
Harrison Moving & Storage, Inc.	72,272	63,874	186,682	169,135
Harvel's, Cliff Moving Company	14,202	31,114	69,550	107,616
Hester Transfer & Storage, Inc.	0	0	22,013	18,443
Highland Moving & Storage Co., Inc.	4,059	0	326,990	281,309
Hill, I.H. Transfer & Storage	3,896	2,251	151,536	106,268
Humphrey, David Charles	3,643	N/A	3,643	N/A
Humphrey, Troy Moving & Storage, Inc.	1,082	962	397,453	384,758

FIGURE NO. 9-3 CONTINUED
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Isenhower Transfer & Storage Co., Inc.	$37,414	$48,352	$243,760	$362,163
Jones, Henderson Transfer	18,248	21,064	18,248	21,864
Keever Moving Service, Inc.	0	0	27,373	33,276
Kepley Moving & Storage, Inc.	12,001	9,721	75,468	62,100
Kinston Moving & Storage, Inc.	11,193	5,985	56,442	76,274
Klink Transfer & Storage	16,360	N/A	153,921	N/A
Ladd, J.E. & Son	66,541	5,759	66,541	57,426
Long Transfer, Inc.	55,683	9,905	138,745	106,966
McCauley Bros. Moving & Storage, Inc.	11,271	7,305	279,458	266,504
McCauley Moving & Storage of Fayetteville, Inc.	59,861	90,923	494,609	467,972
Manly Ray Moving	33,349	18,362	33,349	24,384
May Moving of Goldsboro, Inc.	9,094	3,360	517,915	403,760
Merchants Moving & Storage, Inc.	7,526	4,318	348,833	248,276
Morehead Moving & Storage	31,262	30,881	201,896	167,615
Move-It Company	21,168	9,330	160,018	164,830
Murray Transfer & Storage Co., Inc.	50,996	59,688	493,729	734,195
Neptune W.W. Moving, Inc.	35,163	173	128,805	268
Owens, W.W. & Sons Moving & Storage, Inc.	62,505	11,821	804,940	519,655
Pannell, Willie Neal	12,828	15,199	12,828	15,199
Patterson Storage Warehouse Co., Inc.	91,976	65,472	993,770	977,810
Piedmont Home Delivery & Service Co.	60,731	42,845	60,731	42,845
Piedmont Van & Storage Co., Inc.	12,481	399,393	835,670	481,170
Port City Transfer & Storage Company	17,909	14,140	124,015	86,019
Queen City Moving & Storage	45,354	27,316	791,692	640,474
Raleigh Bonded Warehouse, Inc.	28,167	26,333	157,645	137,769
Raleigh Furniture Storage Co., Inc.	75,555	41,314	400,730	407,841
Reliable Van & Storage Co., Inc.	6,250	6,554	660,248	643,120
Russell Transfer Co., Inc.	136,994	78,814	631,258	583,888
Salisbury Moving & Storage	75,800	30,772	75,800	30,772
Sandhills Bonded Warehouse, Inc.	24,673	23,643	153,899	136,778
Sanford Transfer & Storage Co.	10,987	6,320	41,975	46,405
Seaboard Moving and Storage, Inc.	0	0	880	981
Sells Service, Inc.	132,902	35,802	395,795	305,780
Service Moving & Storage	13,706	4,196	715,778	575,452
Sheets Transfer & Storage Co., Inc.	141,308	56,990	871,193	752,298
Smith Dray Line & Storage Co. of N.C., Inc.	94,529	N/A	747,214	N/A
Smith Transfer & Storage	5,479	5,593	16,031	13,883
Smith, Elton C. Jr. Moving Co.	66,045	40,987	90,764	91,359
Smith, W.E. Moving Company, Inc.	0	0	111,410	163,851
Staley Moving Vans	4,849	7,250	15,682	11,480
Standard Moving & Storage of Goldsboro, Inc.	3,834	0	231,541	241,430
Stanley's Transfer Co., Inc.	33,318	10,974	468,145	392,055
State Moving & Storage, Inc.	8,858	3,519	285,187	289,437
Sunbelt Moving Systems, Inc.	147,064	49,999	601,784	592,045
Superior Delivery Service, Inc.	0	N/A	261,688	N/A

FIGURE NO. 9-3 CONTINUED
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Tarheel Moving & Storage, Inc.	$51,724	$85,283	$360,556	$327,298
Terminal Storage Company, Inc.	8,207	4,164	333,862	258,098
Thomas Transfer, Inc.	223,525	N/A	223,525	N/A
Tri-City Moving & Storage, Inc.	95,487	364,272	947,975	892,020
Tryon Moving & Storage, Inc.	139,600	14,027	139,600	249,573
Turner's Moving Service	0	N/A	51,146	56,382
Union Transfer & Storage Company, Inc.	107,750	45,685	877,265	516,019
Watson Moving & Storage, Inc.	62,658	36,056	241,449	248,350
West's Durham Transfer & Storage Company, Inc.	15,610	23,168	233,514	239,399
Whitley, Abe Moving & Storage, Inc.	61,523	59,760	960,363	949,787
Wile Transfer & Storage Company, Inc.	10,883	10,585	349,232	344,933
Williams, R.M. Moving Service	58,311	40,123	102,878	83,152
Williams Transfer & Storage, Inc.	63,245	26,372	200,008	176,515
Willis Moving & Storage, Inc.	23,220	17,989	224,898	174,647
Wilmington Oil & Moving Service, Inc.	118,049	0	120,550	126,050
Wright Motor Lines, Inc.	0	0	150,994	214,506
Total	$6,186,725	$4,345,697	$38,505,045	$32,718,667

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
General Commodities Carriers:				
A-1 Wrecker Service of Chatham Co., Inc.	$7,349	$6,033	$148,377	150,815
A & J Motor Lines, Inc.	165,741	168,935	165,741	168,935
ACME, Inc.	230,442	N/A	230,442	N/A
AJS Trucking Company	445,451	444,345	445,451	444,345
Airport Ground Transportation Services	0	589,647	630,989	589,647
Alexander Trucking of Davidson, Inc.	124,155	113,559	124,155	113,559
Alford, Cliff Trucking, Inc.	40,531	N/A	289,000	N/A
Ammons Trucking Company	54,656	N/A	54,656	N/A
Anthony's Cargo Express, Inc.	156,271	N/A	335,679	160,013
Armored Protective Service, Inc.	251,780	243,371	251,780	243,371
Arndt Trucking, Inc.	290,307	185,426	290,307	414,469
Atlantic Oil Service, Inc.	15,200	17,871	15,200	17,871
Ausley, Cecil Thomas	214,799	168,571	214,799	168,571
B & B Lines, Inc.	88,150	69,315	330,743	259,386
B & P Trucking	47,673	55,114	47,673	N/A
B & W Grain & Feed Service, Inc.	100,624	201,248	419,774	839,549
B-Freight Lines, Ltd.	98,245	10,218	167,654	138,987
BHL Transport, Inc.	0	51,515	407,697	51,515
BRT Transport, Inc.	6,418	N/A	31,097	N/A

FIGURE NO. 9-3 CONTINUED
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Baker, Johnie Royster	$6,682	$6,111	$6,682	N/A
Baker's Delivery Service	66,917	N/A	66,917	N/A
Barco Pickup & Delivery	17,812	21,101	17,812	21,101
Barnes, J.A. and Son, Inc.	0	0	97,986	78,226
Bass Mobile Home Moving	64,773	55,108	64,773	55,108
Beasley Transport, Inc.	0	0	145,776	140,944
Beasley, Valton	63,561	N/A	63,561	N/A
Beeline Carriers, Inc.	238,064	226,947	238,064	226,947
Bell Truck Line	15,425	10,123	86,154	81,744
Best Cartage, Inc.	748	113,615	139,153	113,615
Bestway Express, Inc.	546,989	443,483	546,989	443,483
Blevins Motor Express	64,577	63,531	82,845	66,317
Blue-Bird Diamond Taxi Assoc.	79,281	53,635	79,281	53,635
Boatwright, Clyde	50,417	N/A	50,417	N/A
Bostick, James Richard	0	0	56,693	47,953
Bre-Dav Transportation, Inc.	4,902	31,854	286,879	165,169
Breeze Transportation, Inc.	54,915	234,503	54,915	234,503
Brendle's Transportation, Inc.	362,904	N/A	426,945	N/A
Bright Belt Motor Lines	11,432	41,302	579,431	558,054
Brookshire Express Services	53,648	N/A	80,483	N/A
Brothers Delivery Company, Inc.	28,653	51,145	63,139	77,276
Brown Oil & Transit Co., Inc.	236,792	233,915	236,792	233,915
Bryson Machinery Movers & Riggers, Inc.	76,915	93,050	76,915	93,050
Bud's Trucking	23,625	28,170	23,625	28,170
C.S. Transport	465,194	458,620	877,724	849,296
CLP Enterprises, Inc.	141,162	67,037	941,080	670,372
CSC Erectors, Inc.	630,338	583,375	630,338	624,181
Campbell Trucking, Inc.	69,551	91,562	135,370	142,376
Cardel Corporation	176,780	N/A	176,720	N/A
Carolina Air Parcel Service, Inc.	315,233	N/A	350,259	N/A
Carolina Haulers, Inc.	261,788	272,293	261,788	272,293
Carolina Movers & Riggers, Inc.	69,000	51,177	69,000	51,177
Carolina Storage Corp.	210,785	248,380	346,321	371,150
Carolina Taxi & Industrial Transportation, Inc.	11,994	6,531	17,352	17,872
Carpenter Trucking Co., Inc.	317,176	401,764	522,681	491,904
Carr Transport, Inc.	269,439	270,660	269,439	270,660
Cason Companies, Inc.	3,161	3,889	191,401	246,238
Caustic Soda Transportation Co.	274,991	294,000	694,548	1,006,000
Cauthen Gin & Bag Company, Inc.	192,548	215,476	666,001	770,139
Cencar Services, Inc.	215,848	338,787	215,848	338,787
Central Feeds, Inc.	0	N/A	356,166	165,200
Champion International Corporation	21,720	N/A	87,208	N/A
Champion Storage & Trucking Co., Inc.	0	0	0	10,664
Charlotte Bay Trading Company	191,120	72,483	651,625	374,554
Charlotte Merchants Delivery, Inc.	4,000	8,000	4,000	8,000

FIGURE NO. 9-3 CONTINUED
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Charlotte Transportation Co., Inc.	$482,186	$591,817	$482,186	$591,817
Christie, Craig L.	93,030	58,608	93,030	58,608
Citizen Express, Inc.	153,586	141,042	620,708	177,475
Clark, J.B. III.	42,060	25,200	461,081	428,579
Coachman, Eric	37,946	N/A	37,946	N/A
Collins Trucking Company	195,617	N/A	195,617	N/A
Columbus Motor Lines, Inc.	481,287	67,000	621,776	1,332,000
Commercial Warehouse, Inc.	128,056	49,641	128,056	49,641
Continental Freight Brokers	0	3,000	0	1,594,000
Cook & Son's Inc.	58,660	34,105	424,782	423,570
Cook Transfer & Storage	42,047	N/A	42,047	N/A
Cooley Transport, Inc.	58,364	62,400	389,092	373,378
Cotton Growers Warehouses, Inc.	151,297	118,888	220,583	189,071
Clark, Osker A.	171,136	113,874	171,136	113,874
Council, Jimmie	17,250	21,000	17,250	21,000
Crawford Deliveries,Inc.	128,026	0	128,026	103,266
Culberson Motor Lines, Inc.	191,251	175,259	921,228	935,369
Custom Freight, Inc.	21,800	22,958	59,506	42,646
D & N Motors	0	3,990	4,720	3,990
Daily Delivery Service	132,691	19,386	132,691	19,386
Davis Transportation	25,594	32,404	25,594	32,404
Davis, W.L. Mobile Home Movers	40,432	149,916	40,432	149,916
Dependable Feed Service, Inc.	91,143	89,476	91,143	89,476
Dixon Trucking Co., Inc.	0	N/A	363,157	N/A
Doug's Mobile Home Towing, Inc.	368,646	279,916	797,944	507,138
E & B Corporation	0	N/A	0	1,338
East Carolina Cartage Company, Inc.	181,997	175,063	576,421	579,110
Eastern Courier Corporation	98,220	99,685	392,879	398,731
Eastern Delivery Service, Inc.	200,000	200,000	400,000	200,000
Economy Transport, Inc.	75,727	75,284	75,727	75,284
Essick, Ike C.	29,855	24,200	140,445	124,150
Evans, Charles	92,307	46,605	92,307	46,605
Faison's Delivery Service	51,579	N/A	51,579	N/A
Federal Motor Express, Inc.	262,817	264,405	262,817	264,405
Federated Transport, Inc.	18,276	214,387	18,276	214,387
Foothills Trucking Co., Inc.	0	0	811,210	801,987
Ford's Contracting Services	14,482	0	N/A	50,311
Fowler, M.M., Inc.	404,168	456,086	404,168	456,086
Freeman Contract Services, Inc.	34,766	31,213	386,296	345,823
Freight Shuttle, Inc.	808,296	N/A	808,296	N/A
Fuel Oil Service Co., Inc.	79,027	95,763	79,027	95,763
Fuller, Thurston A. & Edith J.	22,618	N/A	22,618	N/A
Gate City Delivery Service	14,073	12,087	14,073	12,087
Gelco Distribution	164,490	N/A	405,445	N/A
Gibson, John Louie	9,244	0	9,244	12,926

FIGURE NO. 9-3 CONTINUED
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Gilbert Transfer Company	$253,952	$252,129	$443,659	$415,847
Glover, James H. Trucking, Inc.	17,086	1,593	56,686	1,593
GOCO Transportation, Inc.	0	N/A	59,623	56,734
Graham, Garland R.	22,885	7,688	22,885	7,688
Greene Haulers, Inc.	79,390	80,591	79,390	80,591
Guignard, L.B., Inc.	0	194,000	923,018	3,570,000
Gupton, Donald L.	0	N/A	111,001	72,000
H I T	9,254	N/A	28,832	N/A
Haigler Trucking Company	76,070	80,075	663,191	635,126
Hamrick, J. Austin	0	8,221	12,731	8,221
Harris, William Lester	132,502	98,358	132,502	98,358
Hickory Merchants Delivery	159,998	125,859	159,998	125,859
High Point Delivery Company, Inc.	43,165	41,522	43,165	41,522
Hill-Top Transport, Inc.	137,732	243,164	150,474	243,164
Hodges, Ed F., Inc.	0	121,600	165,571	121,600
Holland Transfer Co.	136,190	134,509	706,661	822,104
Holt, H.R.	195,720	193,404	195,720	193,404
Honeycutt, J. B. Company, Inc.	9,630	102,143	518,909	605,759
Hopkins, D.O. Trucking, Inc.	15,154	N/A	17,978	44,027
Hopper Bros., Inc.	18,539	14,153	18,539	14,153
Howell Transfer Co., Inc.	36,521	33,782	263,318	254,621
Hughes Trucking	19,609	N/A	19,609	53,719
Industrial Asphalt Transport, Inc.	183,799	306,161	656,987	564,262
Inman, Gene Trucking, Inc.	201,833	142,436	273,096	175,894
Ivey, Richard Jr. Trucking	43,764	N/A	43,764	N/A
Jackson, Stacy W. Trucking	0	3,451	80,338	25,281
Jackson Trading Company, Inc.	0	N/A	185,038	180,770
Jenkins, J.W., Inc.	166,040	148,374	166,040	148,374
Jennings Trout Farm	1,301	930	1,301	N/A
Jet Express Delivery, Inc.	3,469	N/A	3,469	N/A
John's Auto Repair, Inc.	109,169	70,327	429,836	334,703
Johnny's Transfer Co., Inc.	458,886	384,539	625,185	700,954
Johnson, James Walter	55,770	N/A	55,770	N/A
Johnson Truckers Amtruc, Inc.	0	N/A	161,475	N/A
Jones Transfer, Inc.	22,415	6,450	172,875	217,195
Joyner Trucking Company	4,356	3,614	10,375	194,901
K.B.D. Services, Inc.	165,522	121,787	165,522	121,787
Kendall Trucking & Grading	22,242	9,220	414,330	249,220
Kindle's Pickup and Delivery Service, Inc.	284,408	221,383	284,408	221,383
King, Neb, Inc.	4,300	4,000	4,300	4,000
LDF., Inc.	205,548	192,362	758,811	752,924
L.U. Carriers, Inc.	0	N/A	600,836	927,981
Land-Link, A Division of Europa Auto Search, Inc.	8,257	N/A	43,823	N/A
Lawndale Transportation Company	57,887	61,849	57,887	61,849
Lee, Husel G.	0	N/A	50,320	N/A

FIGURE NO. 9-3 CONTINUED
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Lewis & Lewis Trucking Co.	$282,582	$113,212	$282,582	$179,702
Liberty Trucking	59,119	53,905	59,119	53,905
Lockwood Brothers, Inc.	0	N/A	143,066	150,830
Long Leaf Wood Products, Inc.	71,614	400	71,614	400
Long Transportation Services, Inc.	6,240	N/A	6,240	N/A
Lovette Company	344,490	86,757	344,490	86,757
Loving, T.A. Company	97,508	79,143	97,508	79,143
Lumberton Masonary Co.	3,302	N/A	176,792	N/A
Lumberton Trucking Company, Inc.	407,038	N/A	916,413	N/A
McCotter, J.D. Sr.	14,143	25,082	42,429	76,006
McKinney, James Garland	0	0	2,962	8,857
McKoy, Warren	37,371	N/A	37,371	N/A
McLeod Trucking & Rigging Co., Inc.	21,216	29,721	263,306	310,450
Macon, Robert L.	92,658	N/A	212,225	N/A
Mangum, C.C. Inc.	87,688	66,893	125,268	69,419
Marshall, E.F.	67,495	72,785	67,495	72,785
Marshall, Sherman W.	52,767	N/A	52,767	N/A
Martin Motor Lines, Inc.	1,039	1,063	1,209	1,282
Martin, Roger E., Inc.	69,998	0	753,249	749,214
Martin, W. M. Company, Inc.	738	6,683	738	6,683
Media Express, Inc.	170,043	256,893	691,102	777,905
Metro Transport Co., Inc.	62,191	91,062	81,707	149,058
Mickel, David Jessie Trucking	0	0	270,000	179,770
Mid-State Delivery Service, Inc.	837,927	988,000	837,927	988,000
Mid-State Service Co.	73,862	81,621	73,862	81,621
Mini-Haul, Inc.	145,574	117,577	145,574	117,577
Mitchell, Cyrus A. Jr.	707	1,359	707	1,359
Mitchell Express, Inc.	43,184	44,402	43,184	44,402
Morgan Trucking, Inc.	123,923	0	977,018	242,406
Morven Freight Lines, Inc.	51,063	243,164	611,340	N/A
Mullen's, Henry Trucking	365,557	N/A	365,557	N/A
Mullis, Brandon L., Inc.	24,800	7,535	37,273	39,838
Neuse Transport	280,155	193,892	285,799	197,949
Neway Motor Freight, Inc.	57,988	N/A	161,077	N/A
Newson Transports, Inc.	144,613	121,989	144,613	139,896
Non-Stop Carrier	298,494	114,632	298,494	114,632
Nordan Transportation Co., Inc.	33,864	7,286	33,864	7,286
Norris, Elwood Inc.	0	0	102,503	93,410
Norris Trucking	52,256	N/A	52,256	N/A
Northside Storage Company	93,988	39,423	93,988	39,423
Ormond, W.W. Transfer Co., Inc.	146,821	0	146,821	157,269
Owens & Minor, Inc.	48,532	N/A	292,624	N/A
PDC Trucking	58,518	58,763	218,257	179,168
Package Delivery, Inc.	446,462	442,000	811,352	1,104,000
Package Delivery Service of Durham, N.C.	48,050	44,823	48,050	44,823

FIGURE NO. 9-3 CONTINUED
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Parker, Donald C.	$0	$59,283	$37,939	$59,283
Parsons, G.G. Trucking Co.	201,000	171,200	201,000	171,200
Perry, Stanley K.	78,000	0	78,000	73,000
Petroleum Transport Company, Inc.	449,992	286,665	461,930	286,665
Pickup & Delivery Service, Inc.	563,959	569,000	605,957	934,000
Piedmont Delivery Service	0	76,806	70,962	76,806
Piedmont Paper Stock Co., Inc.	12,924	64,041	12,924	64,041
Piedmont Paper Stock Co.--Chesapeake Corp.	20,332	N/A	21,328	N/A
Pilot Van Lines, Inc.	0	0	880	940
Pope Transport Co.	862,416	158,190	862,416	158,190
Poteat, Lindsey	0	N/A	108,741	N/A
Poythress Trucking Co.	45,518	N/A	45,518	N/A
Price, Warren Gene	65,895	N/A	65,895	N/A
Public Transport Corporation	439,000	524,093	439,000	524,093
Quinn, James Elwood, Inc.	0	0	524,351	875,000
R.E.M. Trucking Company	0	N/A	150,502	N/A
Raleigh Delivery Service, Inc.	703,677	719,764	703,677	719,764
Rapid Transit	140,994	89,065	140,994	89,065
Rawley, J.W.	44,735	N/A	44,735	43,149
Raymac Supply Company	2,429	5,320	135,693	139,918
Regional Storage & Transport, Inc.	138,288	230,717	722,295	554,125
Re-Jim, Inc.	101,910	0	101,910	110,443
Rivers Trucking, Inc.	474,235	451,618	474,235	520,358
Riverside Transportation Company, Inc.	22,105	4,312	170,041	43,074
Roberson, Norman	30,851	N/A	30,851	N/A
Robinson, Joe E.	0	N/A	40,000	N/A
Roney, W.C. Trucking Co., Inc.	57,661	53,951	57,661	53,951
Roscus-Draughon	59,000	N/A	59,000	N/A
Rosdahl, Lloyd Machinery Riggers, Inc.	27,420	0	27,420	249,305
Rupard, C. B. & Sons	0	N/A	0	N/A
S & R Wrecker Service, Inc.	28,832	107,110	610,309	624,826
STG Transport, Inc.	505,195	381,472	505,195	381,472
Sampson Tobacco Warehouse, Inc.	25,128	0	25,128	32,345
Sanders, Ervin	0	0	81,835	75,710
Santita Trucking Company	N/A	N/A	404,454	N/A
Self Scrap Metal Company	1,730	0	1,730	3,134
Shepard Motor Lines, Inc.	232,726	118,382	406,075	228,500
Skyland Couriers, Inc.	0	N/A	67,937	N/A
Smith, Alvin Alexander	0	0	106,143	136,132
Smith, Donald A.	0	N/A	406,161	N/A
Smith, Joe Neil Trucking	0	N/A	66,772	N/A
Smith, Larry D.	26,500	20,729	26,500	20,729
Smith, Sam W.	83,356	N/A	151,245	N/A
Snow, Ted B.	0	0	0	57,648
South Atlantic Bonded Warehouse Corporation	510,041	555,540	543,016	582,555

FIGURE NO. 9-3 CONTINUED
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Southern Freight Service, Inc.	$74,180	$558,719	$74,180	$789,719
Southern Hobgood Transport, Inc.	0	292,887	333,694	292,887
Southern Spindle and Flyer Co.	21,054	21,286	105,964	21,286
Stainback Trucking, Inc.	308,883	301,677	308,883	301,677
Stallings, Harold Ray	39,021	N/A	39,021	N/A
State Trucking Company	465,898	545,272	465,898	545,272
Stegall Milling Company, Inc.	187,662	165,593	199,914	165,593
Stonecutter Trucking Co., Inc.	103,597	99,053	964,327	935,743
Stox Trucking Co.	275,410	26,130	619,753	311,807
Super Motor Lines, Inc.	164,201	2,071,000	186,894	2,456,000
Swain, Bob, Inc.	0	N/A	39,267	N/A
Swicegood, Donald J.	96,899	N/A	254,440	N/A
TGH Enterprises, Inc.	127,567	N/A	127,567	N/A
Tappan Carriers, Inc.	698,825	701,539	699,021	701,539
Tarheel Transport, Inc.	568,698	523,575	568,698	523,575
Tedder, Foster R., Sr.	83,745	N/A	83,745	N/A
Texfi Industries, Inc.	6,557	N/A	6,557	N/A
Textile Transportation, Inc.	1,636	0	938,916	867,829
Thomas, Jimmy E.	73,000	38,480	73,000	46,165
Thompson, David Trucking Company	95,440	47,062	514,816	418,327
Thompson Distributor	13,599	N/A	13,599	N/A
Tilton's Delivery Serivce	102,400	0	102,400	93,574
Tol-Co., Inc.	13,159	14,515	90,059	14,515
Transport Source, Inc.	58,000	N/A	298,201	2,614,778
Triad Transport, Inc.	192,687	157,011	192,687	157,011
Triangle Express	121,509	84,553	121,509	84,553
Tri County Transport, Inc.	124,774	138,428	124,774	138,428
Tri-State Moving & Storage	42,870	278,000	42,870	109,631
Truck Transfer Service, Inc.	34,187	0	216,460	125,754
Tultex Corproation	144,973	159,312	202,576	222,611
Twin City Warehouses, Inc.	11,700	9,880	82,392	86,392
Tyler, James L.	81,854	80,276	81,854	80,276
Umstead Brothers, Inc.	446,214	269,387	446,214	269,387
Valley Transfer, Inc.	727,979	549,558	727,979	549,558
Waccamaw Transport, Inc.	709,595	325,318	709,595	325,318
Waco Drivers' Serivce, Inc.	66,091	87,673	217,043	305,667
Walker Transfer, Inc.	115,750	3,169	149,328	256,053
Wall Delivery Service, Inc.	692,278	520,608	692,278	520,608
Watson Transportation Co.	16,698	14,902	16,698	14,902
Watts Trucking Company	87,885	12,799	87,885	68,684
Weaver Trucking Co.	184,932	12,976	184,932	111,129
White, Donnie Trucking	332,687	710	332,687	N/A
White Transfer & Storage Co., Inc.	79,241	72,140	79,241	72,140
Wilco Transport Company, Inc.	612,900	572,774	612,900	572,774
Wilkinson Freight Lines, Inc.	298,919	N/A	398,558	299,577

FIGURE NO. 9-3 CONTINUED
Motor Freight Carriers--Class III
GROUPED BY MAJOR TYPE OF PRODUCTS TRANSPORTED
CALENDAR YEARS 1985 AND 1984
(ACTUAL DOLLARS)

	North Carolina Regulated Revenues		Total Company Revenues	
	1985	1984	1985	1984
Willetts Brothers Trucking	$700	$5,242	$700	$8,385
Williams, L. C. Oil Company, Inc.	0	N/A	11,104	N/A
Williams, Melvin Douglas	0	0	61,359	62,173
Williams, Moses	26,079	N/A	26,079	N/A
Wilson, John C. III	0	N/A	13,535	N/A
Yeary Transfer Company, Inc.	69,830	84,000	815,118	909,000
Young Transfer	636,232	593,205	897,519	859,586
Zackly Rite Trucking, Inc.	0	0	663,871	738,476
Total	$38,004,484	$32,057,159	$72,696,821	$68,907,276
Grand Total	$49,892,331	$40,400,398	$119,342,360	$106,502,652

N/A--Not Available

Grand Total Class III
Motor Freight Carriers for:
1985 = 525
1984 = 431

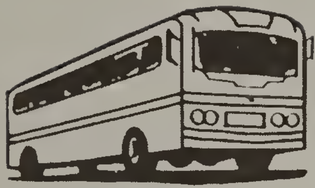
FIGURE NO. 9-4

MOTOR FREIGHT CARRIERS--CLASS I AND II
SUMMARY OF SELECTED DATA--INCOME, EXPENSES AND STATISTICAL ITEMS
FOR THE CALENDAR YEARS 1984 AND 1985
(DOLLARS IN 000S)

CLASS I CARRIERS

	1984	1985	% Change More(Less) 1983-1984
Number of Companies Included in this Data	121	133	9.9
North Carolina Regulated Revenues	$168,966	$199,397	18.0
Operating Data (Systemwide):			
Operating Revenues	$12,368,893	$13,734,890	11.0
Operating Expenses	$11,548,729	$12,915,615	11.8
Net Operating Income	$820,164	$819,275	(.11)
Operating Ratio (Percent)	93.4	94.0	0.6
Statistics (N.C. Data Only):			
Average Number of Employees (Actual)	19,172	20,584	7.4
Total Salaries Paid ($-000s)	$500,849	$542,922	8.4
CLASS II CARRIERS			
Number of Companies Included in this Data	111	129	16.2
North Carolina Regulated Revenues	$63,795	$61,914	(2.9)
Operating Data (Systemwide):			
Operating Revenues	$280,629	$306,965	9.4
Operating Expenses	$272,146	$296,427	8.9
Net Operating Income	$8,483	$10,538	24.2
Operating Ratio (Percent)	97.0	96.6	(0.4)
Statistics (N.C. Data Only):			
Average Number of Employees (Actual)	9,240	10,168	10.0
Total Salaries Paid ($-000s)	$57,630	$72,593	26.0
GRAND TOTALS CLASSES I & II			
Number of Companies Included in this Data	232	262	12.9
North Carolina Regulated Revenues	$232,761	$261,311	12.3
Operating Data (Systemwide):			
Operating Revenues	$12,649,522	$14,041,855	11.0
Operating Expenses	$11,820,875	$13,212,042	11.8
Net Operating Income	$828,647	$829,813	0.1
Operating Ratio (Percent)	93.4	94.1	0.75
Statistics (N.C. Data Only):			
Average Number of Employees (Actual)	28,412	30,752	8.2
Total Salaries Paid ($-000s)	$558,479	$615,515	10.2

The number of carriers in each classification changes each year because of the companies' growth in revenue and the changes every few years in the level of revenues required to qualify for the Class I and II classifications. Therefore, the use of this data for comparative purposes must be used with discretion.



X. The Transportation Industry - Motor Passenger Carriers

A. GENERAL COMMENTS

1. REGULATED PRIVATELY OWNED SECTORS

For the purpose of filing annual reports, both the Interstate Commerce Commission (ICC) and the North Carolina Utilities Commission (NCUC) authorized the following classifications effective January 1, 1980, for the motor passenger carriers:

CLASSIFICATION REQUIREMENTS

Class I	$3,000,000 or more annual operating revenues
Class II	$500,000--$3,000,000 annual operating revenues
Class III	Under $500,000 annual operating revenues

At December 31, 1985, there were 110 motor passenger carriers franchised to operate under the regulation of the North Carolina Utilities Commission. See Figure No. 10-1 for a list of the companies and their scope of operations. The two bus systems operated by Duke Power Company in Durham and Greensboro are franchised by the governing authorities of the municipalities in which they operate. The Commission's jurisdiction over these two carriers is limited to the approval or disapproval of fares and to the annual filing of reports of operations. The remaining 108 carriers are fully regulated by the Commission. Of these remaining carriers, 58 are transportation brokers and three are motor boat common carriers. Transportation brokers, as herein used, means any person not a bona fide employee or agent of a motor carrier who engages in the business of selling or offering for sale any transportation of passengers by motor carriers for compensation either directly or indirectly. A transportation broker does not own or operate the vehicles used to transport passengers to whom he sells or arranges for this type of service. There is no operating data for these 61 carriers involved in this report. Operating data is included for the 33 motor passenger carriers who filed 1985 annual reports with the Commission.

2. NONREGULATED PUBLICLY OWNED SECTOR

The North Carolina Utilities Commission has no jurisdiction over most of the passenger transit systems serving the intracity traffic and the urban and rural areas. However, these systems are providing transportation to large numbers of intracity passengers as shown by the following ridership figures:

Unregulated Intracity Ridership

Calendar Year	Passengers
1981	22,866,452*
1982	22,553,958*
1983	21,221,389*
1984	21,291,471*
1985	21,179,555*

Since July 1, 1974, there has been a Public Transportation Division (PTD) within the Department of Transportation. The PTD administers several federal grant programs and a state grant program as well as fostering the development of the public transportation system in North Carolina. For further information on this agency's activities, the N.C. Department of Transportation, P. O. Box 25201, Raleigh, North Carolina, 27602, should be contacted.

BUS DEREGULATION

The Bus Regulatory Reform Act of 1982 enacted by Congress granted intercity bus companies wide-ranging

*Source: Public Transportation Division--North Carolina Department of Public Transportation--Systems included in the data are Asheville, Chapel Hill, Charlotte, Fayetteville, Gastonia, Greenville, High Point, Raleigh, Salisbury, Wilmington, Wilson, and Winston-Salem. The bus systems in Durham and Greensboro are regulated and owned by Duke Power Company. The ridership for these systems is omitted from this data.

freedoms to adjust their services and rates. Under this act, if an intercity bus company files with the Commission for an increase in its rates, and the Commission approves a level of rates which is less than that requested, the carrier can then appeal the Commission's decision to the ICC. Under the Bus Act, the ICC is compelled to grant the carrier the full relief sought if the intrastate rates are less than similar interstate rates. Since the enactment of the Bus Act, all proceedings in which the Commission denied the rate relief sought in whole or in part, and the request was appealed to the ICC, the ICC granted the full relief sought.

B. INTERCITY MOTOR PASSENGER CARRIERS

Financial and statistical data is presented for the 24 regulated intercity carriers having separate operations during 1985 who filed annual reports with the North Carolina Utilities Commission. The intercity carriers have franchised and operating rights to serve two or more points and are further classed and operate as common or contract carriers over interstate or intrastate routes.

The following table shows the breakdown of these classifications as of December 31, 1984, and 1985:

Classification	1984 Number of Carriers	1985 Number of Carriers
Class I	4	5
Class II	9	6
Class III	17	13
Total	30	24
Type Carrier		
Common	30	24
Contract	0	0
Total	30	24
Scope of Operations		
Interstate	12	10
Intrastate	18	14
Total	30	24

C. FARE INCREASES AUTHORIZED--INTERCITY

The following intercity motor passenger carriers were authorized passenger fare increases in 1985:

(a) Greyhound Lines, Inc. (Docket No. B-7, Sub 104) approximately 30%

(b) Carolina Coach Company (Docket No. B-15, Sub 194) 10.1% increase granted on 3/21/86

D. STATISTICAL SUMMARY DATA--INTERCITY

In 1985 the five Class I intercity motor carriers accounted for 86.2% of the North Carolina total intercity gross operating revenues including the Class III carriers. For their North Carolina operations, the 1985 Class I intercity carriers experienced a 7.6% decline from their 1984 operations.

Systemwide operations for the Class I carriers in 1985 showed a decrease of 4.0% in operating revenues compared with 1984. There was a decrease of 10.7% in operating expenses in 1985. The operating ratio for the Class I carriers in 1985 was 92.6% compared with 99.5% in 1984.

E. INTRACITY MOTOR PASSENGER CARRIERS--COMMENTS

During 1985 there were nine intracity carriers operating under the jurisdiction of the North Carolina Utilities Commission who filed their annual reports. These intracity carriers are grouped as follows regarding size, type, and scope of operations.

Classification	1984 Number of Carriers	1985 Number of Carriers
Class I	0	0
Class II	2	2
Class III	9	7
Total	11	9
Type Carrier		
Common	10	6
Contract	1	3
Total	11	9
Scope of Operations		
Interstate	0	0
Intrastate	11	9
Total	11	9

There have been no fare increases authorized to intracity bus carriers since 1981.

F. STATISTICAL SUMMARY DATA--INTRACITY

Figure No. 10-4 shows a summary of selected income items and operational statistics for the calendar years 1984 and 1985 for the intracity motor passenger carriers. There are no Class I carriers presently in this group. Information is given for the nine carriers who filed 1985 annual reports.

FIGURE NO. 10-1
MOTOR PASSENGER CARRIERS FRANCHISED TO OPERATE IN NORTH CAROLINA
AS OF DECEMBER 31, 1985

	Scope of Operations		
Class I Carriers	Interstate	Intercity	Intracity
Carolina American Tours	X	X	
Carolina Coach Company	X	X	
Greyhound Lines, Inc.	X	X	
Seashore Transportation Company	X	X	
Trailways Southeastern Lines, Inc.	X	X	
Total-5 Carriers	5	5	0
Class II Carriers			
American Charters Ltd.		X	
American Trailways of Georgia	X	X	
Blue Ridge Lines, Ltd.		X	
Duke Power Company-Durham (A)			X
Duke Power Company-Greensboro (A)			X
Kannapolis Transit Company, Inc.	X	X	X
Piedmont Coach Lines, Inc.	X	X	
Safety Transit Tours of Eden		X	
Southern Coach Company	X	X	
Wilson Bus Co., Inc.		X	
Young's Transportation	X	X	X
Total-11 Carriers	5	9	4
Class III Carriers			
Archie's Bus & Transit Services			X
Asheville Outings, Inc.			X
Carolina Transit Lines of Charlotte		X	X
Dillahunt, John T.		X	X
Dills & Carpenter Transit		X	X
East American Tours		X	
Emma Bus Lines, Inc.			X
Forte's Charter & Van Service		X	
Hammack, J.H.		X	
Harrelson, Mrs. R.L. & Company		X	
Holiday Express, Inc.		X	
Houston Transport Co., Inc.		X	X
Joshlis Charters		X	
J & R Charter Service, Inc.		X	
King's Bus Service		X	
Lake Gaston Bus Service		X	X
Mars Hill-Weaverville Bus Line, Inc.		X	
McBroom Coach, Inc.		X	
Nancy & Dwight's Holiday Tours, Inc.		X	
New Hope Charter			

FIGURE NO. 10-1 CONTINUED
MOTOR PASSENGER CARRIERS FRANCHISED TO OPERATE IN NORTH CAROLINA
AS OF DECEMBER 31, 1985

	Scope of Operations		
	Interstate	Intercity	Intracity
Nooney Bus Lines, Inc.		X	
Piedmont Transit, Inc.		X	X
Pirate Explorers Transportation		X	X
Pleasure Island Limousine Service			X
Premier Charter Service, Inc.		X	
Rockingham-Hamlet Bus Line		X	X
Scenic Tours, Inc.		X	
Southern Tours, Inc.		X	
Stewart Tours, Inc.		X	
Thompson Travel Services, Inc.		X	
Trans-Service, Inc.		X	
Triad Lines, Inc.		X	X
Virginia Dare Transportation Co., Inc.	X	X	X
Total-33 Carriers	1	28	13
Motor Boat Common Carriers			
Carteret Boat Tours, Inc.		X	
Morris Marina, Kabin Kamps & Ferry Service, Inc.		X	
Willis, Alger G. Fishing Camps, Inc.		X	
Total-3 Carriers	0	3	0
Transportation Brokers			
Activity Designers of Raleigh		X	
Albertson, Charles W.		X	
Beamer, Nancy Tours		X	
Big "C" Tours		X	
Brantley Tours		X	
Bullock Tours		X	
Carolina Tours		X	
Carousel of Raleigh		X	
Charlotte Visitours		X	
Country Cottage Tours		X	
Convenient Tours		X	
Cowan Tours		X	
Cristal Tours		X	
Custom Travel Services		X	
Davis Tours		X	
Daybreak Sing, Inc.		X	
Edwards, Patricia T.		X	
Express Tours		X	
Five Star Tours		X	
Gough Tours		X	
Great Getaway Tours		X	
Green, Conley F., Sr.		X	

FIGURE NO. 10-1 CONTINUED
MOTOR PASSENGER CARRIERS FRANCHISED TO OPERATE IN NORTH CAROLINA
AS OF DECEMBER 31, 1985

	Scope of Operations		
	Interstate	Intercity	Intracity
Group & Individual Travel		X	
Hawfields Community Travelers		X	
Hazel, Kay Tours		X	
Hepler Tours		X	
Heritage Tours		X	
Holiday Tours		X	
Hubbard Tours		X	
International Tourist Group		X	
Introducing Asheville		X	
Jaunts & Journeys		X	
Johnston Lion's Club		X	
Long's Travel Agency, Inc.		X	
Manning Tours, Inc.		X	
Meetings, Inc.		X	
Mike's Travels & Adventures		X	
Moore Tours, Inc.		X	
New Bern Guided Tours		X	
N.C. First Tours		X	
North State Heritage Tours		X	
Northeastern Travel Services		X	
P & B Travels		X	
Per-Flo Tours, Inc.		X	
Piedmont Tours of Burlington, Inc.		X	
Scurlock's Travel & Tours		X	
Sheryl's Tours, Inc.		X	
Shopping Sprees-A Division of Topics, Inc.		X	
Smoky Mountain/Highland Tours, Inc.		X	
Talks, Tours, & Things		X	
Thacker, Ginger Tours		X	
Travel Professionals, Inc.		X	
Travel Time of Salisbury		X	
Travel Tours, Inc.		X	
Trekmaker		X	
Western Carolina Tours, Inc.		X	
Williams, Roy B.		X	
Woodall, Ruth Tours		X	
Total-58 Companies	0	58	0
Grand Total-110 Companies	11	103	18

Footnotes:

(A) Franchised by municipalities; fares only regulated by the N.C. Utilities Commission.

FIGURE NO. 10-2*
MOTOR PASSENGER CARRIERS--INTERCITY CLASSES I & II
Summary of Selected Income Items and Operational Statistics
For the Calendar Years 1984 and 1985
(North Carolina and Systemwide Data Noted)

		Carolina American Tours	Carolina Coach Company	Greyhound Lines, Inc.	Seashore Transportation Company	Trailways Southeastern Lines, Inc.	Total Class I	America Charters Ltd.	American Trailways of Georgia	Blue Ridge Lines	Kannapolis Transit Co., Inc. (1)	Piedmont Coach Lines	Southern Coach Company	Total Class II (2)
Operating Revenues (N.C. Portion):	1984	$2,494,657	$13,078,286	$8,259,012	$3,028,952	$2,563,257	$29,424,164	$1,403,307	$198,885	$122,229	$626,196	$795,976	$454,707	$3,601,300
	1985	$3,878,951	$11,156,151	$6,920,443	$2,864,027	$2,357,919	$27,177,491	N/A	$59,772	$249,462	$655,765	$1,002,409	$568,744	$2,536,152
Income Items (Systemwide):														
Operating Revenues	1984	$2,494,657	$26,299,356	$736,428,128	$3,595,569	$15,861,446	$784,679,156	$1,403,307	$1,733,957	$349,127	$626,196	$1,421,385	$1,029,744	$6,563,716
	1985	$3,878,951	$21,936,458	$709,978,545	$3,349,564	$13,921,575	$753,065,093	$1,626,173	$1,919,332	$536,823	$655,765	$1,891,337	$1,090,617	$7,720,047
Operating Expenses	1984	$2,511,264	$22,441,187	$737,512,098	$3,354,453	$14,833,787	$780,652,789	$1,302,864	$1,717,752	$374,033	$587,372	$1,215,614	$1,072,823	$6,270,458
	1985	$3,957,195	$20,818,860	$656,219,866	$3,260,577	$12,755,689	$697,012,187	$1,538,778	$1,897,436	$535,504	$725,769	$1,905,253	$1,224,697	$7,827,437
Net Operating Income Before Taxes	1984	($16,607)	$3,858,169	($1,083,970)	$241,116	$1,027,659	$4,026,367	$100,443	$16,205	($24,906)	$38,824	$205,771	($43,079)	$293,258
	1985	($78,244)	$1,117,598	$53,758,679	$88,987	$1,165,886	$56,052,906	$87,395	$21,896	$1,319	($70,004)	($13,916)	($134,080)	($107,390)
Other Income (Deductions)--Net	1984	($31,780)	($481,281)	$34,754,200	($2,609)	($1,506,875)	$32,731,655	($96,972)	$86,048	($18,927)	$55,195	($58,331)	$141,467	$108,480
	1985	($30,272)	($818,797)	$8,287,667	($111,651)	($434,688)	$6,892,259	($74,833)	$115,084	($3,524)	$21,886	($62,864)	$154,857	$150,606
Income Taxes	1984	$0	$1,822,544	$11,527,000	$91,557	($225,722)	$13,215,379	($3,559)	$0	$0	$4,592	$24,742	$4,091	$29,866
	1985	$0	$160,451	$15,257,000	$11,160	$386,978	$15,815,589	$4,098	$0	$0	$0	$261	$574	$4,933
Extraordinary Items	1984	$0	$0	$0	$0	$441,238	$441,238	$0	$0	$0	$0	$0	$0	$0
	1985	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Income After Taxes	1984	($48,387)	$1,554,344	$22,143,230	$146,950	$187,744	$23,983,881	$7,030	$102,253	($43,833)	$89,427	$122,698	$94,297	$371,872
	1985	($108,516)	$138,350	$46,789,346	($33,824)	$344,220	$47,129,576	$8,464	$136,980	($2,205)	($48,118)	($77,041)	$20,203	$38,283
Operating Ratio	1984	100.7%	85.3%	100.1%	93.3%	93.5%	99.5%	92.8%	99.1%	107.1%	93.8%	85.5%	104.2%	95.5%
	1985	102.0%	94.9%	92.4%	97.3%	91.6%	92.6%	94.6%	98.9%	99.8%	110.7%	100.7%	112.3%	101.4%
Statistics (N.C. Only):														
Total Bus Miles Operated	1984	509,250	5,792,425	5,609,328	1,957,906	3,654,131	17,523,040	421,615	84,459	43,560	105,669	322,067	248,067	1,225,437
	1985	1,023,506	4,864,383	4,847,544	1,896,233	3,118,356	15,750,022	462,440	99,361	209,686	122,296	471,899	292,564	1,658,246
Length of bus route--miles--one way (actual)	1984	N/A	2,103	1,444	739	2,612	6,898	N/A	86	177	N/A	55	24	342
	1985	N/A	2,103	1,305	666	2,446	6,520	N/A	83	202	N/A	N/A	24	309
Total gallons gasoline purchased or used	1984	0	0	0	3,855	N/A	3,855	0	0	0	0	0	7,060	7,060
	1985	0	0	0	11,334	N/A	11,334	N/A	0	0	0	N/A	7,271	7,271
Total gallons diesel fuel purchased or used	1984	139,972	696,580	1,098,946	298,661	585,175	2,819,334	N/A	1,975	46,187	26,284	N/A	72,169	146,615
	1985	336,034	647,624	953,856	245,023	520,991	2,703,528	N/A	14,668	60,095	31,190	N/A	79,319	185,272

N/A--Not Available
*Footnotes for this chart are on the following page.

FIGURE NO. 10-2 CONTINUED
MOTOR PASSENGER CARRIERS--INTERCITY--CLASSES I & II
Summary of Selected Income Items and Operational Statistics
For the Calendar Years 1984 and 1985
(North Carolina and Systemwide Data Noted)

		Carolina American Tours	Carolina Coach Company	Greyhound Lines, Inc.	Seashore Transportation Company	Trailways Southeastern Lines, Inc.	Total Class I	America Charters Ltd.	American Trailways of Georgia	Blue Ridge Lines	Kannapolis Transit Co., Inc.	Piedmont Coach Lines	Southern Coach Company	Total Class II
*No. of tickets sold which originated in N.C.	1984	N/A	468,359	229,478	199,702	N/A	897,539	N/A	N/A	781	N/A	N/A	26	807
	1985	0	337,035	416,721	138,947	N/A	892,703	N/A	N/A	3,077	0	N/A	N/A	3,077
*Revenue for tickets originating in N.C.	1984	N/A	$7,329,813	$6,341,147	$2,492,627	$1,694,762	$17,858,349	N/A	N/A	$24,858	N/A	N/A	N/A	$24,858
	1985	0	$6,538,474	$5,950,783	$2,260,770	$1,631,327	$16,381,354	$1,626,173	N/A	$91,187	$0	N/A	N/A	$1,717,360
*Average revenue per ticket originating in N.C.	1984	N/A	$15.65	$27.63	$12.48	N/A	$18.00	N/A	N/A	$31.83	N/A	N/A	N/A	$30.80
	1985	0	$19.40	$14.28	$16.27	N/A	$16.52	N/A	N/A	$29.64	0	N/A	N/A	$29.64
Other revenue originating in N.C. by charter & express	1984	N/A	$5,748,473	$1,917,865	$2,030,004	$868,495	$10,564,837	N/A	N/A	$273,052	N/A	N/A	N/A	$273,052
	1985	$3,848,951	$4,617,677	$2,072,899	$2,021,015	$726,592	$13,287,134	$0	N/A	$158,275	$0	N/A	$1,090,566	$1,248,841
Statistics (Systemwide):														
No. revenue passengers carried	1984	35,630	1,943,595	45,007,654	402,331	969,042	48,322,622	N/A	N/A	N/A	N/A	N/A	59,372	59,372
	1985	51,719	1,512,895	43,705,662	231,000	704,250	46,205,526	N/A	N/A	N/A	26,840	N/A	74,318	101,158
Average fare per passenger carried (actual)	1984	N/A	$10.10	$14.82	N/A	$11.37	$12.10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	1985	N/A	$10.99	$14.28	N/A	$13.82	$13.03	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total number of buses owned (actual)	1984	22	200	1,964	35	82	2,281	23	17	7	7	28	17	99
	1985	59	187	1,198	29	64	1,537	21	21	8	2	32	17	101
Total number of buses in service at year-end	1984	N/A	61	1,765	25	82	1,933	14	N/A	2	N/A	16	10	42
	1985	59	46	944	N/A	64	1,113	15	3	5	N/A	20	8	51
Average no. of employees (actual)	1984	50	353	12,848	76	255	13,582	25	29	8	13	16	15	106
	1985	95	333	11,768	68	182	12,446	26	25	20	12	31	17	131

* Excludes charter & school passengers
N/A Not Available

(1) In 1983 Kannapolis Transit Co., Inc., was considered an intracity carrier. However the majority of their 1984 revenues were derived from intercity operations. Therefore this company will be treated as an intercity carrier.

(2) Young's Transportation Company filed an annual report with the North Carolina Utilities Commission indicating there were no operations in 1984 or 1985.

FIGURE NO. 10-3
MOTOR PASSENGER CARRIERS--INTERCITY--CLASS III
Summary of Total Revenues and Expenses
For the Calendar Years 1984 and 1985
(Dollars in 000s)

Company	Total Company Operating Revenues		Total Company Operating Expenses		Total Company Operating Ratio	
	1984	1985	1984	1985	1984	1985
Johslis Charter	$20,470	$29,710	$20,474	$25,722	100.0	86.6
King's Bus Service	35,500	25,187	50,425	49,553	142.0	196.7
Lake Gaston Bus Service	N/A	9,834	N/A	3,907	N/A	39.7
McBroom Coach, Inc.	138,952	192,074	146,782	156,472	105.6	81.5
New Hope Charter, Inc.	68,047	85,872	66,086	65,743	97.1	76.6
Nooney Bus Lines, Inc.	57,740	60,110	58,378	60,523	101.1	100.7
Piedmont Transit, Inc.	175,243	216,687	134,577	199,305	76.8	92.0
Rockingham-Hamlet Bus Line	3,923	3,008	5,557	6,788	141.7	225.7
Scenic Tours, Inc.	14,723	47,810	17,029	41,906	115.7	87.7
Southern Tours, Inc.	N/A	159,034	N/A	239,457	N/A	150.6
Trans-Service, Inc.	257,496	293,383	232,940	285,532	90.5	97.3
Triad Lines, Inc.	555,191	482,915	542,167	504,240	97.7	104.4
Virginia Dare Transportation Company, Inc.	231,395	206,283	295,422	295,974	127.7	143.5
Total	$1,558,680	$1,811,907	$1,569,837	$1,935,122	100.7	106.8

N/A--Not Available

FIGURE NO. 10-4*
MOTOR PASSENGER CARRIERS--INTRACITY--CLASSES II & III (1)
Summary of Selected Income Items and Operational Statistics
For the Calendar Years 1984 and 1985

		Class II						Class III				
		Duke Power Durham	Duke Power Greensboro	Total Class II	Archie's Bus & Transit	Carolina Transit Lines of Charlotte	Dillahunt John T.	Dills & Carpenter Transit	Emma Bus Lines	Houston Transport Company	Pirate Explorers Transportation	Total Class III
North Carolina Operations Only:												
Operating Revenues	1984	$880,427	$576,341	$1,456,768	$2,000	$336,122	$5,060	$28,855	$186,758	$181,184	$6,120	$744,099
	1985	$888,101	$593,215	$1,481,316	N/A	$331,395	$4,855	$31,886	$217,851	$207,897	$5,633	$767,631
Operating Expenses	1984	$2,382,103	$1,777,698	$4,159,801	N/A	$281,359	$6,615	$34,571	$184,865	$173,364	$12,306	$693,080
	1985	$2,284,044	$1,712,237	$3,996,281	N/A	$317,603	$6,505	N/A	$243,042	$235,165	$7,631	$809,946
Net Operating Income Before Taxes	1984	($1,501,676)	($1,201,357)	($2,703,033)	N/A	$54,763	($1,555)	($5,716)	$1,893	$7,820	($6,186)	$51,019
	1985	($1,395,943)	($1,119,022)	($2,514,965)	N/A	$13,792	($1,650)	N/A	($25,191)	($27,268)	($1,998)	($42,315)
Other Income or (Deductions)--Net	1984	$0	$0	$0	N/A	$28,132	$0	$0	($4,753)	$0	($425)	$22,954
	1985	$0	$0	$0	N/A	$16,916	$0	$0	($4,875)	$0	$0	$12,041
Income Taxes--Net	1984	$0	$0	$0	N/A	$4,398	$0	$0	$0	$1,862	$0	$6,260
	1985	$0	$0	$0	N/A	$6,992	$0	$0	$0	($3,164)	$0	$3,828
Net Income After Taxes	1984	($1,501,676)	($1,201,357)	($2,703,033)	N/A	$78,497	($1,555)	($5,716)	($2,860)	$5,958	($6,611)	$67,713
	1985	($1,395,943)	($1,119,022)	($2,514,965)	N/A	$23,716	($1,650)	N/A	($30,066)	($24,104)	($1,998)	($34,102)
Operating Ratio	1984	270.6%	308.4%	285.5%	N/A	83.7%	130.7%	119.8%	99.0%	95.7%	201.1%	93.1%
	1985	257.2%	288.6%	269.8%	N/A	95.8%	134.0%	N/A	111.6%	113.1%	135.5%	105.5%
Statistics (Actual) Systemwide:												
Length of bus route-miles-one way	1984	52	82	134	N/A	N/A	46	N/A	6	11	N/A	63
	1985	52	69	121	5	N/A	46	N/A	N/A	12	N/A	63
Total no. of buses owned	1984	39	30	69	N/A	8	N/A	2	20	N/A	2	32
	1985	33	27	60	1	6	N/A	1	16	14	2	40
Average no. of buses operated daily	1984	22	17	39	N/A	N/A	1	1	11	N/A	N/A	13
	1985	20	17	37	0	2	1	1	8	12	N/A	24
Total bus miles operated-yearly	1984	879,525	716,082	1,595,607	N/A	235,051	30,000	N/A	182,143	N/A	11,000	458,194
	1985	870,973	708,248	1,579,221	750	215,569	28,000	28,000	189,444	168,506	4,641	634,910
Total revenue passengers hauled during year	1984	2,289,322	1,405,197	3,694,519	N/A	27,338	N/A	N/A	85,511	N/A	800	113,649
	1985	2,296,764	1,456,489	3,753,253	N/A	24,071	N/A	N/A	227,176	N/A	N/A	251,247
Total school passengers hauled during year (Included in total passengers hauled)	1984	160,289	9,925	170,214	N/A	N/A	N/A	N/A	57,988	N/A	N/A	57,988
	1985	163,763	10,353	174,116	N/A	N/A	N/A	0	188,647	N/A	N/A	188,647
Average number of bus drivers	1984	42	32	74	N/A	4	N/A	N/A	N/A	N/A	N/A	4
	1985	40	30	70	N/A	4	N/A	0	N/A	14	N/A	18

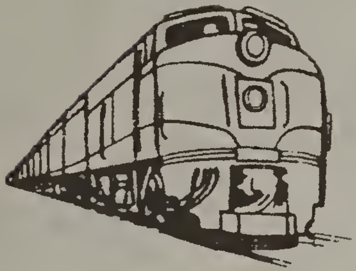
*Footnotes for this chart are on the following page.

FIGURE NO. 10-4 CONTINUED
MOTOR PASSENGER CARRIERS--INTRACITY--CLASSES II & III (1)
Summary of Selected Income Items and Operational Statistics
For the Calendar Years 1984 and 1985

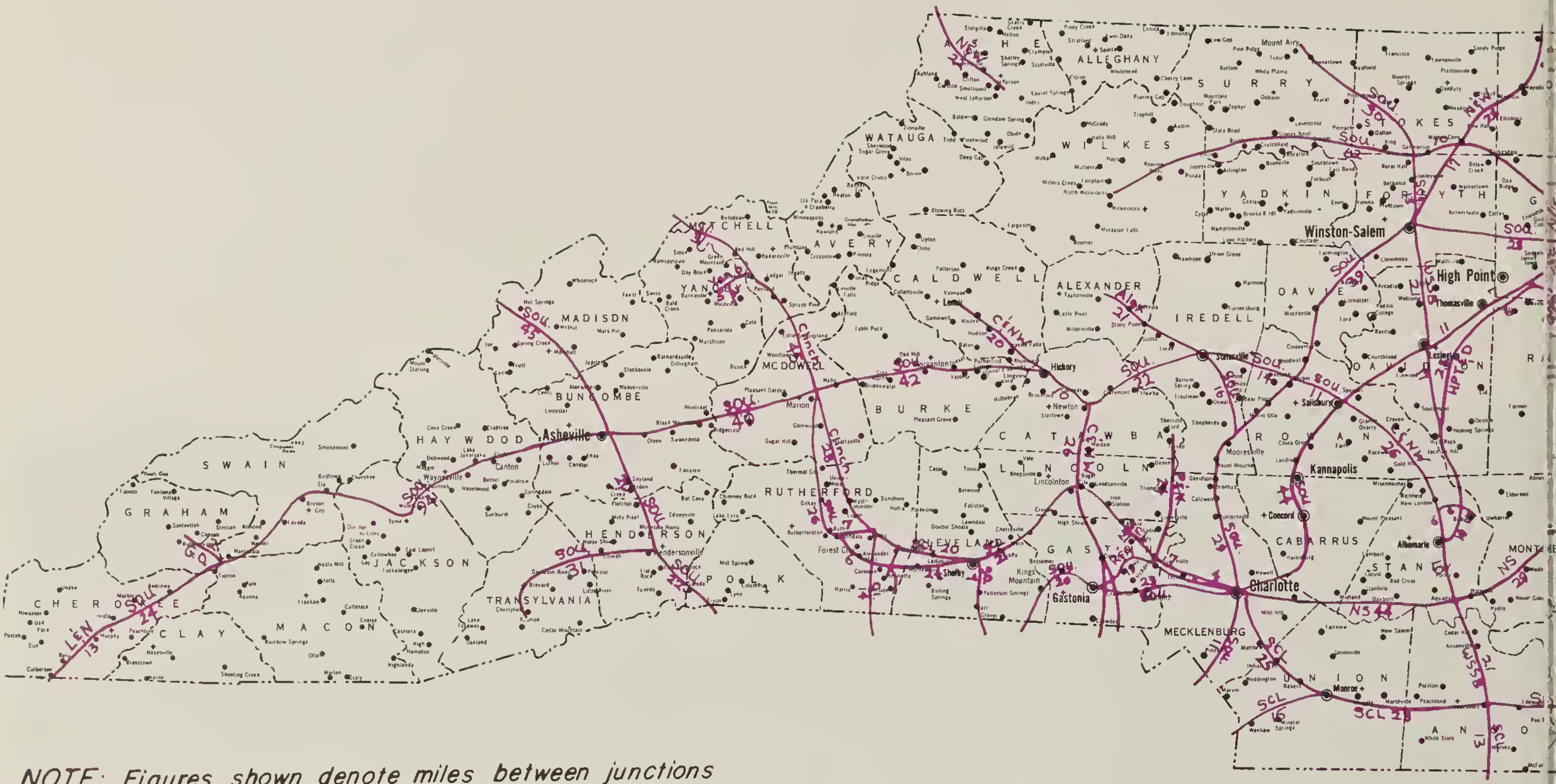
		Duke Power Durham	Duke Power Greensboro	Total Class II	Archie's Bus & Transit	Carolina Transit Lines of Charlotte	Dillahunt John T.	Dills & Carpenter Transit	Emma Bus Lines	Houston Transport Company	Pirate Explorers Transportation	Total Class III
Average number of full time N.C. employees	1984	71	69	140	N/A	6	N/A	N/A	10	N/A	0	16
	1985	73	67	140	N/A	6	N/A	0	10	17	0	33
Total N.C. salaries and wages paid	1984	$1,329,623	$1,031,287	$2,360,910	N/A	$107,056	N/A	N/A	$57,920	N/A	$0	$164,976
	1985	$1,258,196	$977,866	$2,236,062	N/A	$102,889	N/A	$0	$73,595	$64,836	$0	$241,320

(1) Due to reclassification effective 1-1-80, there are no Class I carriers classified as intracity.

N/A--A report was filed but this information was not available.
N/R--No report was filed with the N.C. Utilities Commission.



XI. The Transportation Industry—Railroads



NOTE: Figures shown denote miles between junctions

- *Railroads*

○ *County Seats*

● *Other Towns or Junctions*

FIGURE 11-1

MAP OF

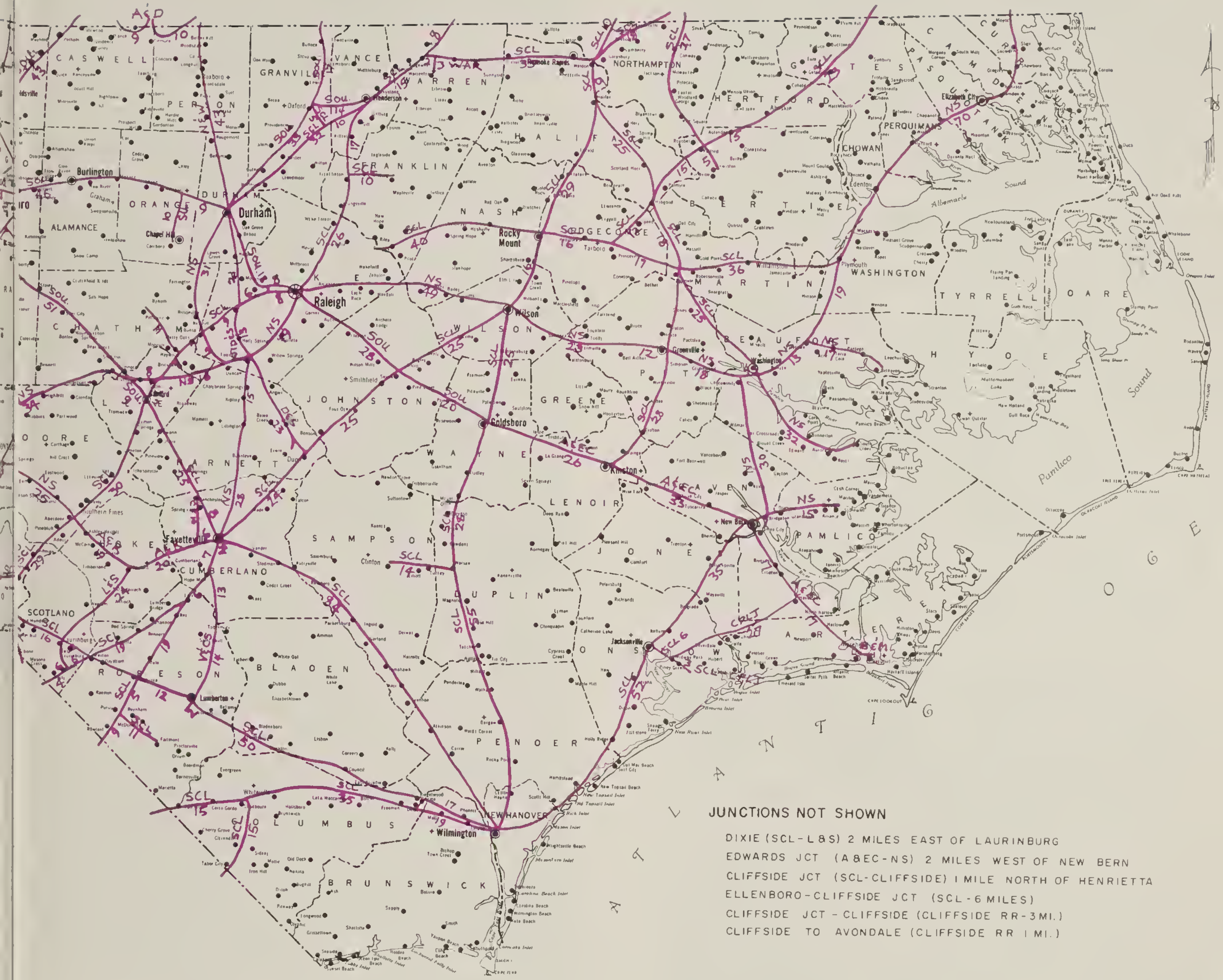
NORTH CAROLINA RAILROADS

PREPARED BY

NORTH CAROLINA UTILITIES COMMISSION

RALEIGH, N.C.

1986



JUNCTIONS NOT SHOWN

DIXIE (SCL-L&S) 2 MILES EAST OF LAURINBURG
EDWARDS JCT (A&EC-NS) 2 MILES WEST OF NEW BERN
CLIFFSIDE JCT (SCL-CLIFFSIDE) 1 MILE NORTH OF HENRIETTA
ELLENBORO-CLIFFSIDE JCT (SCL-6 MILES)
CLIFFSIDE JCT - CLIFFSIDE (CLIFFSIDE RR-3 MI.)
CLIFFSIDE TO AVONDALE (CLIFFSIDE RR 1 MI.)

A. RAILROAD COMPANIES OPERATING IN NORTH CAROLINA

Twenty two railroad companies were in operation in North Carolina at the end of 1985. These companies operated 4,237 miles of trackage in North Carolina as of December 31, 1985. Figure No. 11-1 is a map of the North Carolina Railroad System and Figure No. 11-2 shows a list of railroads franchised to operate. The State's rail system is well-developed with service available to many towns and to all regions of the State. Almost all of the state's one hundred counties receive rail service.

In North Carolina railroads are viewed as a very important element in the State's total freight transportation system, delivering many of the materials needed to run North Carolina's economy. The State's agricultural and wood product industries have relied on convenient and economical rail service. The coal-fired utility plants, which generate electricity for North Carolina industries, depend on rail for coal delivery.

On January 1, 1980, the Interstate Commerce Commission (ICC) and the North Carolina Utilities Commission (NCUC) reclassified the railroads as follows: (M-100, Sub 68, dated 2-5-82)

Class I--$50 million or more annual revenues
Class II--$10 million to $50 million annual revenues
Class III--Less than $10 million annual revenues

At December 31, 1985, there were three Class I railroads, one Class II railroad, and eighteen Class III railroads in operation in North Carolina.

Although there are twenty two separately identified rail companies serving North Carolina, most of the state's rail transport needs are provided by two large, well-established companies. CSX Transportation, formerly Seaboard System Railroad Company, and Southern Railway Company, together with their affiliates, control over 90% of the track-miles located in the state. The other Class I railroad presently serving North Carolina is Norfolk-Western Railway Company, which recently merged with Southern to form the Norfolk Southern Corporation.

B. PASSENGER SERVICE THROUGH NORTH CAROLINA

In North Carolina, railroads not only contribute to commodity movements, they also provide for intercity passenger movements. During 1985, four trains per day provided regularly scheduled passenger service. Each was owned and operated by the National Railroad Passenger Corporation (AMTRAK). AMTRAK was established in 1970 to relieve railroads of the responsibility of providing rail passenger services. When AMTRAK was formed only two railroads provided passenger service in North Carolina: Seaboard Coast Line Railroad Company (SCL), now CSX Transportation, and Southern Railway Company (Sou).

Seaboard Railroad Company joined AMTRAK, and as a result, AMTRAK now operates passenger trains over the rails of SCL Nos. 81 and 82, The Silver Star, between New York and Miami, Florida, with stops at Raleigh and Hamlet, North Carolina; Nos. 87 and 88, The Silver Meteor, between Boston, Massachusetts, and Miami, Florida, serving Rocky Mount, North Carolina, as a conditional stop; and Nos. 89 and 90, The Palmetto, between Virginia and Florence, South Carolina, with stops at Rocky Mount, Wilson, and Fayetteville, North Carolina.

On April 6, 1978, Southern Railway Company filed an application with the ICC to discontinue operation of its last passenger train operating in North Carolina. On or about February 1979, AMTRAK took over and began operation of the Crescent, Nos. 1 and 2, operating between Washington, D.C., and Atlanta, Georgia, which was the last independent rail service in North Carolina provided on regular schedules.

The federal budget cuts made in

1981 forced major revisions in AMTRAK's overall service but did not affect service to North Carolina. With the addition of new or rebuilt equipment on all North Carolina routes, service has become more attractive and reliable; however, increased fare may be necessary to absorb the cost of these improvements.

In October 1984, AMTRAK experimented with the daily operation of a passenger train between Charlotte and Raleigh, North Carolina. This train, The Carolinian, began its journey from Charlotte to Raleigh, then on to Richmond, Virginia. In Richmond, the passengers were merged on to trains en route to New York. The AMTRAK trains in Richmond then returned to Raleigh, where passengers boarded at the station on West Cabarrus Street. From Raleigh the Carolinian returned to Charlotte. The State government of North Carolina subsidized operations for the Carolinian in its journey between Charlotte and Raleigh. However, due to economic reasons the Carolinian ceased it operations in September 1985.

C. RAIL SAFETY ACTIVITY BY COMMISSION

During 1985, as in previous years, the Utilities Commission was very active in the investigation and surveillance of the condition of rail trackage and other rail equipment and facilities in an effort to minimize the frequency and severity of rail accidents caused by inadequate maintenance and/or malfunctioning equipment.

During the period 1973-1985, the Commission enlarged the scope of its rail safety program by the addition of three Rail Safety Engineers whose sphere of responsiblity includes the inspection of all rail trackage and rail equipment in North Carolina.

The duties of these three engineers encompassed on-site inspection of track conditions and equipment and investigations of train accidents. A written report is filed concerning each inspection, and any defect found is required to be corrected. In addition to on-site inspections, these engineers also conduct inspections of company records to ensure compliance with the rail safety regulations. The Federal Railroad Administration reimburses the transportation division for approximately 50% of their expenditures in this rail safety program.

D. MOBILE AGENCY CONCEPT AND STATION CLOSING IN NORTH CAROLINA

Mobile Agency Concept

A major innovation in rail freight transportation has been the implementation, upon Commission approval after investigation and hearing, of a mobile agency concept in North Carolina. This concept has replaced the fixed agent (serving one town on a five-day, 40-hour week or less basis) with a mobile agent operating a special radio-equipped van, serving by highway several small towns in a given area. On a variable route six days per week, the agent calls on railroad customers in their respective places of business, rather than the customer having to go to the railroad station as in the past.

The area served by the mobile agent is also served by a special telephone system connected to a central, or base agency, station manned 13 hours per day, six days per week. This station is connected by a Telex system to a car information computer center. Any customers in the area, by dialing a special number, can talk directly to the personnel in the base agency toll-free and conduct such business with the railroad as is necessary. In addition the base agent, by using the Telex system, can relay almost immediately any car information a customer requests. The base agent, the mobile agent, and the train crews in the vicinity are in constant communication with each other by radio so that customers can be served efficiently.

This concept, with some variations, is in effect in many places throughout the State. The latest Mobile agency station was approved in 1986:

Mobile Agency Station Approved

R-29, Sub 581 11-26-86 Gastonia

Remove the Kings Mountain and Bessemer City Stations from Mobile Agency Route SOU-NC-11 to thereafter be served by means of New Mobile Agency SOU-NC-14, being established and based at Spartanburg, South Carolina.

Stations Closings & Changes

The railroads, as in 1985, continued their activity during 1986 in consolidating their freight handling operations by requesting permission from the Utilities Commission to discontinue freight handling facilities at several locations. The requests by the companies to close or discontinue service at most of the locations are based on economic factors, with the decreasing volume of freight handled at the particular location being the main reason given.

Figure No. 11-3 lists the companies, locations, and facilities affected by the Commission action after hearings with the general public located in the respective areas.

E. RAIL CROSSINGS

There were 4,625 rail crossings in North Carolina in 1985, down from 5,475 in 1984. The 1985 figure includes a decrease of 675 grade crossings by Southern Railway Company. During 1985, there were 11 deaths and 89 injuries resulting from accidents involving highway rail crossings. In 1984, there were 16 deaths and 71 injuries resulting from accidents involving highway rail crossings. The Utilities Commission has very limited jurisdiction in the elimination of grade crossings and the erection of signaling devices at them. The jurisdiction over State highway system roads and links therein, including the proration of costs of relocation and signaling devices, is in the Highway Commission, with a statutory provision that 90% of such costs are to be borne by the Highway Commisison.

F. STATISTICAL SUMMARY DATA

Operating revenues of the Class I & II railroad companies increased 6.3% for their North Carolina operations and 8.1% for their total company operations in 1985 over 1984. Operating expenses increased 1.9% and 15.0% respectively, for their North Carolina operations and their total company operations. The North Carolina operating ratio was 91.9% for the Class I & II railroad companies in 1985. The combined North Carolina operating ratio for all three classes of railroad companies in North Carolina was 91.4% in 1985, compared with 95.2% in 1984. See Figure No. 11-4.

Railway freight activity in North Carolina, as reflected by the tons of revenue freight originating in North Carolina, increased 4.8% in 1985 over 1984. Figure No. 11-5 shows in detail the types of commodities carried by rail. Lumber, wood products, pulp, paper, and chemicals were the leading commodities carried by rail in 1985. These commodities were well-suited for the rail mode because they are characteristically bulky, high-volume, or low-value commodity types.

North Carolina's railroads constitute a well-established and significant industry. They not only support economic prosperity by contributing to state and local taxes, but they also employ many state residents. The number of employees residing in North Carolina and working for the railroads was 5,428 at year-end 1985. The total compensation for railroad employees was more than $150 million with the average salary per worker at $28,538. See Figure No. 11-6, 11-7, and 11-8 for additional financial and statistical data on the operation of all railroads.

FIGURE NO. 11-2

RAILROADS AUTHORIZED TO OPERATE IN NORTH CAROLINA
AS OF DECEMBER 31, 1985

Company	Main Business Office	Abbreviation	Class	Mileage Operated North Carolina 1984	Mileage Operated North Carolina 1985	Mileage Operated System 1984	Mileage Operated System 1985	1985 % in N.C.
Aberdeen & Briar Patch Railway Co.	Aberdeen, N.C.	ABPR	III	33	33	33	33	100.0
Aberdeen & Rockfish Railway Co.	Aberdeen, N.C.	A&R	III	47	47	47	47	100.0
Alexander Railroad Co.	Taylorsville, N.C.	ARC	III	19	19	19	19	100.0
Atlantic & East Carolina Railway Co.	Washington, D.C.	A&EC	III	94	94	94	94	100.0
Atlantic & Western Corp.	Sanford, N.C.	ATW	III	3	3	3	3	100.0
Beaufort & Morehead Railroad Co.	Beaufort, N.C.	B&MN	III	3	4	3	4	100.0
CSX Transportation (1)	Jacksonville, Fla.	CSX	I	1,387	1,369	14,414	14,177	9.7
Camp Lejeune Railroad Co.	Washington, D.C.	CLRR	III	30	41	30	41	100.0
Cape Fear Railways, Inc.	Fort Bragg, N.C.	CFR	III	11	11	11	11	100.0
Carolina & Northwestern Railway Co.	Washington, D.C.	CNW	II	638	622	782	750	82.9
Cliffside Railroad Co. (2)	Cliffside, N.C.	Cliff	III	8	8	8	8	100.0
Fairmont & Western Railroad Co.	Laurinburg, N.C.	FWRD	III	12	12	12	12	100.0
Franklin County Railroad Corp.	Laurinburg, N.C.	FCYR	III	N/A	N/A	N/A	N/A	N/A
High Point, Thomasville, & Denton Railroad Co.	Jacksonville, Fla.	HPT	III	N/A	N/A	N/A	N/A	N/A
Laurinburg & Southern Railroad Co.	Laurinburg, N.C.	LSR	III	N/A	N/A	N/A	N/A	N/A
Nash County Railroad Corp.	Laurinburg, N.C.	NCYR	III	N/A	12	N/A	12	100.0
Norfolk & Western Railway Co.	Roanoke, Va.	N&W	I	95	95	7,746	7,654	1.2
Red Springs & Northern Railroad Co.	Laurinburg, N.C.	RSNR	III	12	12	12	12	100.0
Southern Railway Co.	Washington, D.C.	Sou	I	1,098	1,845	5,838	9,966	18.5
State University Railroad Co.	Washington, D.C.	S.T.U.	III	10	10	10	10	100.0
Warrenton Railroad Co. (3)	Warrenton, N.C.	W.R.R.	III	N/A	N/A	N/A	N/A	N/A
Winston-Salem Southbound Railway Co.	Jacksonville, Fla.	WSS	III	N/A	N/A	N/A	N/A	N/A
Total-22 Companies				3,500	4,237	29,062	32,853	12.9

(1) CSX Transportation was formerly Seaboard System Railroad, Inc. The name was changed on July 1, 1986.

(2) Cliffside Railroad Company suspended its operations in March 1986.

(3) Warrenton Railroad Company is authorized to operate but has been inactive since 1984.

FIGURE NO. 11-3

RETIREMENT, ABANDONMENT, AND RELOCATION OF STATIONS AND FACILITIES
1986

Docket Number	Date Filed	Date Approved	Location of Facility (North Carolina)	Disposition of Facility
CAROLINA & NORTHWESTERN RAILWAY COMPANY				
R-15, Sub 17	7-25-86	8-11-86	Hydro	Retirement & Removal of Track No. 341-1
CSX TRANSPORTATION				
R-71, Sub 141	4-15-86	6-6-86	Relief	Retire Track & Remove Station From Open & Prepay Station List
R-71, Sub 142	4-15-86	6-5-86	Riverbend	Amend Station from a Public to Private Siding in the Open & Prepay Station List
R-71, Sub 143	4-29-86	7-7-86	Dingsboro	Retire Track No. 2 and remove this point from the Open & Prepay Station List
R-71, Sub 144	6-24-86	7-8-86		Retire Team Track and Remove Station from the Open & Prepay Station List
R-71, Sub 145	6-24-86	7-7-86		Retire Team Track and Amend the Open & Prepay Station List
R-71, Sub 146	9-16-86	10-22-86	Vass	Retire Team Track & Remove Station from the Open & Prepay Station List
R-71, Sub 147	9-26-86	10-30-86		Retire Team Track & To Remove Station from the Open & Prepay Station List
R-71, Sub 148	10-14-86	11-13-86		Retire Team Track & Amend the Open & Prepay Station List
R-71, Sub 149	10-20-86	11-13-86	Roanoke Rapids, Rocky Mount	Relocate Roanoke Rapids, NC Mobile Agency to Rocky Mount, NC & to consolidate the the Present Roanoke Rapids, NC Mobile Agency & the Rocky Mount, NC Mobile Agency into a Single Mobile Agency located at Rocky Mount, NC.
R-71, Sub 150	10-28-86	12-2-86	New Hill	Retire Team Track and Remove that point from the Open & Prepay Station List
SOUTHERN RAILWAY COMPANY				
R-29, Sub 541	2-12-86	2-14-86	Greensboro	Removal of Track No. 285-23
R-29, Sub 542	2-19-86	4-10-86	Hickory	Removal of Track No. 60-3
R-29, Sub 543	2-19-86	4-10-86	High Point	Removal of Track No. 299-16
R-29, Sub 544	3-3-86	3-25-86	Rutherfordton	Removal of a Track
R-29, Sub 545	2-19-86	3-6-86	Burlington	Removal of Track No. 227
R-29, Sub 548	3-3-86	3-11-86	Arden	Removal of a Track
R-29, Sub 549	3-3-86	3-11-86	Elon College	Removal of Track No. 17-2

FIGURE NO. 11-3 CONTINUED

RETIREMENT, ABANDONMENT, AND RELOCATION OF STATIONS AND FACILITIES
1986

Docket Number	Date Filed	Date Approved	Location of Facility (North Carolina)	Disposition of Facility
R-29, Sub 550	3-19-86	3-27-86 *Motion Granted on 6-5-86	Biltmore	Removal of Track No. 1
R-29, Sub 551	3-14-86	3-20-86	Wadeville	Retirement and Removal of an Unused Team Track & Abandonment of Nonagency Station
R-29, Sub 552	5-6-86	8-7-86	Wilgrove	Abandonment of the Nonagency Station; Remove station from the Open & Prepay Station List; Retire & Remove Unused Team Track
R-29, Sub 553	3-19-86	4-10-86	Hendersonville and Pisgah Forest	Dispose of Depot Building
R-29, Sub 554	4-23-86	9-9-86 Withdrawal of petition	Belmont	Retirement and Removal of Track No. 389-2
R-29, Sub 555	3-27-86	4-8-86	Greensboro	Retirement and Removal of Track No. 282-14
R-29, Sub 557	3-27-86	4-8-86	Guilford College	Retirement and Removal of Track No. 5-16
R-29, Sub 558	3-27-86	4-8-86	Guilford College	Retirement and Removal of Track No. 2-11
R-29, Sub 559	3-24-86	4-24-86	Hendersonville	Retirement and Removal of Track No. 21-1
R-29, Sub 561	4-17-86 *5-19-86 Petition for authority filed		Topton	Retirement and Removal of Track No. 91-6
R-29, Sub 562	4-16-86	6-5-86	Guilford College	Removal of Track No. 4-3
R-29, Sub 563	7-9-86	8-8-86	Kannapolis	Retirement and Removal of Track No. 353-1
R-29, Sub 564	5-13-86 *5-19-86 Petition for authority filed		High Point	Retirement and Removal of Track No. 302-4
R-29, Sub 566	5-27-86	6-27-86	Winston-Salem	Retire and Remove Tracks No. 1-6 and 2-9 (Crossover)
R-29, Sub 567	5-30-86	8-7-86	Hebron	Retirement and Removal of Track at Milepost R-6
R-29, Sub 568	6-13-86	9-10-86	Star Fuquay-Varina Kipling, Becker, Senter Bunn Level, Fonville, Duncan Corinth, Cohen, & Lillington	Close the Open Station; Revise Fuquay-Varina Delete Nonagency Stations at other locations.
R-29, Sub 569	5-30-86	6-9-86	High Point	Retirement and Removal of Track No. 1-8
R-29, Sub 570	6-13-86	7-9-86	Huntsboro	Retirement and Removal of Team Track No. 5-1 and the Abandonment & Removal of the Nonagency Station from the Open & Prepay Station List
R-29, Sub 571	6-13-86	7-22-86	Davidson	Retirement and Removal of Track No. 22-1
R-29, Sub 573	5-30-86	6-9-86	Fayetteville	Retirement and Removal of a Track, formerly serving American Bakerview Company
R-29, Sub 574	6-13-86	6-22-86	Pleasant Garden	Retirement and Removal of Track No. 78-2, formerly serving Thomasville Furniture Industries

FIGURE NO. 11-3 CONTINUED

RETIREMENT, ABANDONMENT, AND RELOCATION OF STATIONS AND FACILITIES
1986

Docket Number	Date Filed	Date Approved	Location of Facility (North Carolina)	Disposition of Facility
R-29, Sub 575	6-13-86	6-22-86	Winston-Salem	Retirement and Removal of Track No. 2-1, formerly serving Twin City Industries
R-29, Sub 576	7-11-86	7-22-86	Lewis	Retirement and Removal of an Unused Team Track No. 51-1; Abandonment & Removal from the Open & Prepay Station List of the Nonagency Stations
R-29, Sub 577	7-11-86	7-22-86	Providence	Retire and Remove an unused team track located at Mile Post D-61, & to abandon & Remove the Nonagency Station from the Open & Prepay Station List
R-29, Sub 578	7-14-86	8-26-86	Mocksville	Retire and Remove the railway-owned portion of track, formerly serving Anderson Woodyard
R-29, Sub 579	7-9-86	7-14-86	Tuxedo	Remove Old House Track No. 27-1
R-29, Sub 581	7-1-86	11-26-86	Gastonia	Close the Agency Station; Relocate the Base Station for Mobile Agency Route SOU-NC-11 from Gastonia to Charlotte; Revise Mobile Agency Route SOU-NC-11 to serve Gastonia & Belmont, along with the Nonagency Stations of Cramerton, Lowell, West Gastonia, North Gastonia & Dallas; Remove the Stations Kings Mtn. & Bessemer City from Mobile Agency Route SOU-NC-11 to thereafter be Served by Means of New Mobile Agency SOU-NC-14, being established & based at Spartanburg, SC
R-29, Sub 582	7-25-86	8-13-86	Greensboro	Retirement and Removal of Track No. 72-9, formerly serving Armour Fertilizer Works
R-29, Sub 583	8-1-86	9-5-86	Sylva	Retirement and Removal of Track No. 54-1 formerly serving Exxon Oil.
R-29, Sub 584	7-29-86	8-27-86	Shelby	Retirement and Removal of Track No. 153-2, formerly serving Ella Manufacturing Co. Subsequently assigned to Merion Associates & Sackville Mills of North Carolina
R-29, Sub 585	7-29-86	8-11-86	Charlotte	Nunc Pro Tunc Approval to Retire & Remove the Railway-Owned portion of Track formerly serving R.H. Boulingy
R-29, Sub 587	8-1-86	8-11-86	Statesville	Retirement and Removal of Track No. 25-14, formerly serving Barger Millwork
R-29, Sub 588	9-15-86	10-3-86	Charlotte	Retirement & Removal of Track, serving G.G. Ray

FIGURE NO. 11-3 CONTINUED

RETIREMENT, ABANDONMENT, AND RELOCATION OF STATIONS AND FACILITIES
1986

Docket Number	Date Filed	Date Approved	Location of Facility (North Carolina)	Disposition of Facility
R-29, Sub 589	8-1-86	8-14-86	Murphy	Track Removal--Track Serving Bristol Lumber Co.
R-29, Sub 590	8-1-86	8-26-86	Simpson	Retirement and Removal of Simpson Spur Track
R-29, Sub 591	8-1-86	9-5-86	Marble	Retirement and Removal of Track No. 105-1 & Unused House Track
R-29, Sub 592	8-1-86	8-11-86	Bryson City	Retirement and Removal of Track No. 64-1, formerly serving various Pulpwood Dealers
R-29, Sub 594	7-18-86	8-22-86	Oxford	Nunc Pro Tunc Waiver of North Carolina Utilities Commission Rule R3-3 to Permit a five-day per week operation of the Freight Agency Station
R-29, Sub 595	9-2-86	10-8-86	Hackney	Retirement & Removal of an Unused Team Track Located at Mile Post NB-3.2
R-29, Sub 596	9-8-86	10-1-86	High Point	Retirement & Removal of Track No. 2-1, formerly serving High Point Mantel & Table Co.
R-29, Sub 598	9-23-86	11-13-86	Brickton	Retirement & Removal of Track No. 13-3, (Mile Post W-12.2) formerly serving Cranston Print Works
R-29, Sub 601	9-2-86	9-10-86	Wilson	Retirement & Removal of Track Located at Mile Post 184.3, formerly serving Reynolds Tobacco Co.
R-29, Sub 602	9-10-86	10-2-86	Goldsboro	Retirement & Removal of the Railway-Owned portion of a Track, formerly serving Security Storage Warehouse
R-29, Sub 603	9-9-86	9-16-86	Asheboro	Retire & Remove Track No. 28-10 formerly serving Asheboro Hosiery Mill & Track No. 28-13 formerly serving Piedmont Chair Company
R-29, Sub 604	8-29-86	10-15-86	Salisbury	Retirement & Removal of the Railway-Owned portion of Track No. 3-2 formerly serving Wickes Lumber Co.
R-29, Sub 605	10-27-86	11-25-86	Asheville	Removal of Track Serving Gulf Refining Company
R-29, Sub 606	9-23-86	11-18-86	Madison, Winston-Salem	Reclassify the Agency Station at Madison, NC to a NonAgency Station; & Assign the Madison Station & the Nonagency Stations of Stoneville, Mayodan, Mabrico, Pine Hall & Walnut Cove to the Agency Station at Winston-Salem

FIGURE NO. 11-3 CONTINUED

RETIREMENT, ABANDONMENT, AND RELOCATION OF STATIONS AND FACILITIES
1986

Docket Number	Date Filed	Date Approved	Location of Facility (North Carolina)	Disposition of Facility
R-29, Sub 613	9-23-86	10-17-86	Gastonia	Dispose of the Depot building
R-29, Sub 614	10-16-86	11-25-86	Troy	Retirement & Removal of a Track formerly serving Taylor Mobile Homes & Taylor Lumber Co.
R-29, Sub 617	10-20-86	11-12-86 Withdrawal of petition	Andrews	Retirement & Removal of Track No. 100-1, an Unused Public Track & Coal Chute
R-29, Sub 618			Valdese	Retirement & Removal of Track No. 73-2, formerly serving City Ready Mix Co.
R-29, Sub 620	10-29-86	11-25-86	Forest City	Retirement & Removal of the Railway-Owned Portion of Track No. 180-2, formerly serving North State Gas Co.
R-29, Sub 622	10-20-86	12-3-86	Sylva	Retirement & Removal of Track Nos. 46-10 & 46-15, an Unused Team Track
R-29, Sub 623	10-22-86	11-25-86	Icard	Abandon the Non-Agency Station & Remove this Station from the Open & Prepay Station List
R-29, Sub 626	10-22-86	11-25-86	Bilboa	Retire & Remove Track No. 59-1 formerly serving Blue Flame Gas Co. & Abandon & Remove the Nonagency Station from the Open & Prepay Station List

FIGURE NO. 11-4

RAILROAD CLASSES I, II, & III
(North Carolina Data Only)
OPERATING REVENUES, EXPENSES, & RATIOS
For the Years 1960, 1965, 1970, 1975, 1980, 1984, & 1985

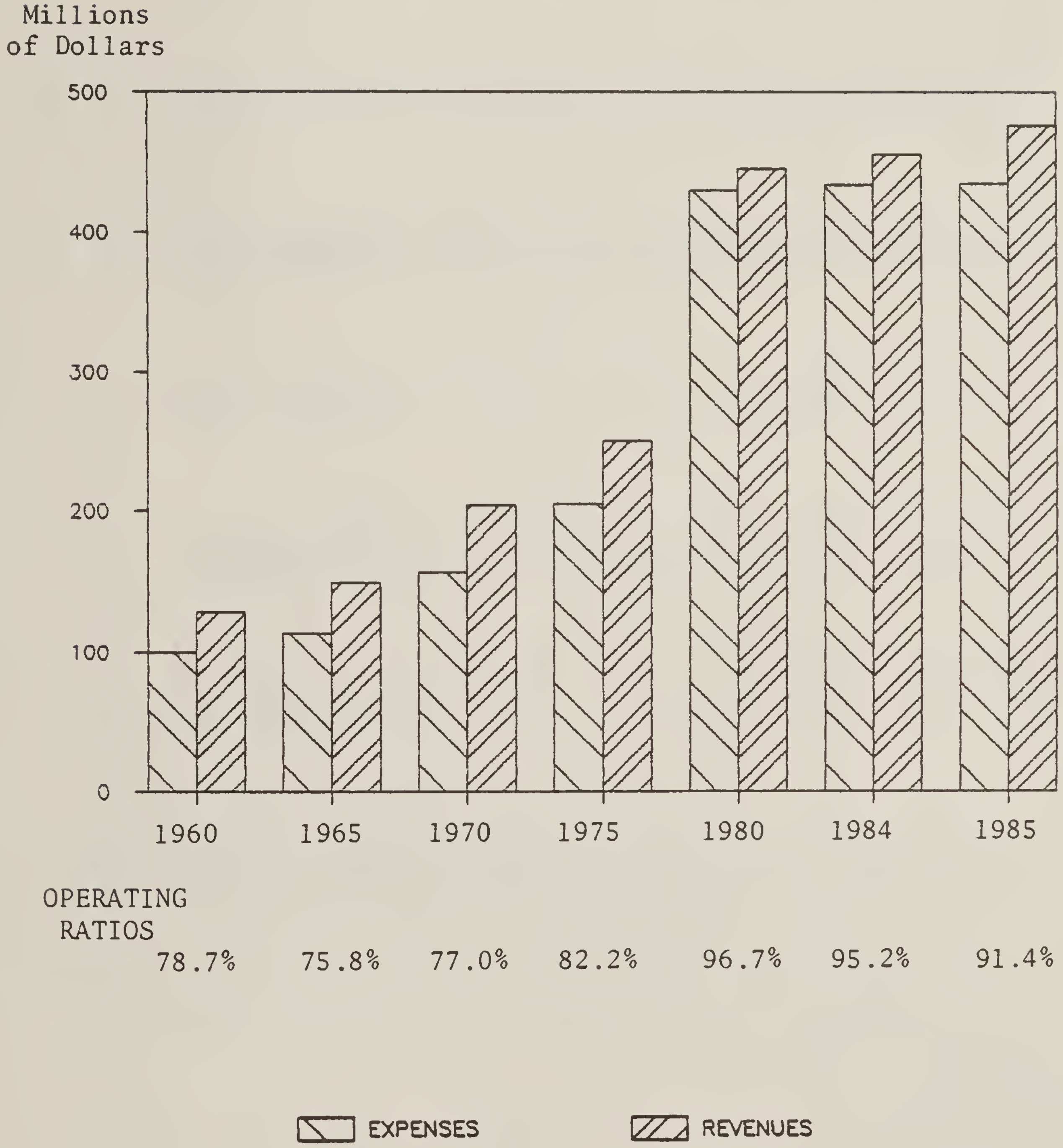


FIGURE NO. 11-5

TONS (2,000 LBS.) OF REVENUE FREIGHT BY COMMODITY TYPE ORIGINATING IN NORTH CAROLINA
ON THE CLASS I, II, AND III RAILROADS UNDER REGULATION AT DECEMBER 31, 1985

	Group & Commodity	Class I	Class II	Class III	Grand Total
01	Farm Products	664,524	286,963	136,918	1,088,405
08	Forest Products	25	0	77,895	77,920
09	Fresh Fish & Other Marine Products	90	0	5,200	5,290
10	Metallic Ores	458	0	38,431	38,889
11	Coal	36,330	0	0	36,330
13	Crude, Petro, Nat. Gas & Nat. GSLN	0	0	0	0
14	Nonmetallic Minerals Except Fuels	2,070,749	460,311	14,307	2,545,367
19	Ordinance & Accessories	15,398	54	3,689	19,141
20	Food & Kindred Products	1,142,666	322,231	1,796	1,466,693
21	Tobacco Products	59,029	3,774	0	62,803
22	Textile Mill Products	96,031	735	0	96,766
23	Apparel & Other Finished Textile PRD, JNC Knit	5,385	0	0	5,385
24	Lumber & Wood Products Except. Furn.	3,579,325	107,049	48,933	3,735,307
25	Furniture & Fixtures	123,259	24,060	0	147,319
26	Pulp, Paper, & Allied Products	1,675,475	365,029	390	2,040,894
27	Printed Matter	0	0	0	0
28	Chemicals & Allied Products	2,023,483	437,821	73,809	2,535,113
29	Petroleum & Coal Products	17,060	1,533	372,266	390,859
30	Rubber & Miscellaneous Plastic Products	133,647	53,780	76	187,503
31	Leather & Leather Products	162	0	0	162
32	Stone, Clay, Glass, & Concrete Products	1,012,643	337,410	0	1,350,053
33	Primary Metal Products	84,043	37,881	53	121,977
34	Fabr. Metal Prod. Exc. Ordn. Mach. & Transpt.	18,108	879	0	18,987
35	Machinery, Except Electrical	6,514	0	556	7,070
36	Electrical Machinery, Equip. & Supplies	14,710	10	0	14,720
37	Transportation Equipment	10,622	195	1,710	12,527
38	Instruments, Phot. & Optical GD, Watches	0	0	0	0
39	Miscellaneous Products of Manufacturing	1,182	0	223,128	224,310
40	Waste & Scrap Material	720,589	85,281	3,744	809,614
41	Miscellaneous Freight Shipments	10,235	125	1,440	11,800
42	Containers, Shipping Returned Empty	16,368	0	21,000	37,368
44	Freight Forwarder Traffic	3,771	0	0	3,771
45	Shipper Assoc. or Similar Traffic	44,548	0	0	44,548
46	Miscellaneous Mixed Shipment Exc. Fwd. & Ship Assoc.	291,145	14	306	291,465
47	Small Package (LCL)	0	0	0	0
	Other	275,271	216,930	1,843	494,044
	Grand Total	14,152,845	2,742,065	1,027,490	17,922,400

FIGURE NO. 11-6

RAILROADS--CLASS I AND II--SUMMARY OF SELECTED DATA--INCOME, EXPENSES, BALANCE SHEET, AND STATISTICAL ITEMS
For the Calendar Years 1960, 1965, 1970, 1975, 1980, 1984, and 1985
(Dollars in Thousands)

	Allocation of Data	1960	1965	1970	1975	1980	1984	1905	% Change More (Less) 1985-1984
No. of Companies Covered by Data:		8	8	6	6	6	4 (1)	4 (1)	
Income & Expense Items									
Operating Revenues	N.C.	$120,401	$140,701	$192,795	$237,456	$424,893	$437,461	$465,010	6.3
	Total	$1,083,951	$1,592,074	$2,072,069	$2,838,455	$5,031,268	$5,651,586	$6,111,793	8.1
Operating Expenses	N.C.	$95,518	$107,743	$150,734	$197,725	$412,898	$419,446	$427,386	1.9
	Total	$866,136	$1,141,031	$1,536,621	$2,127,880	$4,327,113	$4,734,373	$5,443,219	15.0
Net Operating Income	N.C.	$24,883	$32,958	$42,061	$39,731	$11,995	$18,015	$37,624	108.8
Before Taxes	Total	$217,815	$451,043	$535,448	$710,575	$704,155	$917,213	$668,574	(27.1)
Fixed Charges	Total	$48,233	$82,308	$123,631	$155,903	$192,466	$171,086	$167,372	(2.2)
Other Income (Deductions)	Total	($40,919)	($186,305)	($229,387)	($301,858)	$135,765	$392,797	$232,153	(40.9)
Taxes (2)	Total	N/APL.	N/APL.	N/APL.	N/APL.	N/APL.	$378,881	$246,829	(34.9)
Net Income	Total	$128,663	$182,430	$182,430	$252,814	$647,454	$760,043	$486,526	(36.0)
State Income Tax	N.C.	N/A	$412	$370	$584	$2,611	$565	$1,238	119.1
Real Estate/Personal Property Taxes	N.C.	N/A	$3,394	$3,036	$3,420	$4,417	$7,372	$4,913	(33.4)
Other N.C. Taxes	N.C.	N/A	$758	$2,625	$4,279	$5,240	$3,447	$5,128	48.8
Total Taxes Paid or Accrued	N.C.	N/A	$4,564	$6,031	$8,283	$12,268	$11,384	$11,279	(.9)
Operating Ratio	N.C.	79.3%	76.6%	78.2%	83.3%	97.2%	95.9%	91.9%	(4.2)
	Total	79.9%	71.7%	74.2%	75.0%	86.0%	83.8%	89.1%	6.3
Balance Sheet Items									
Net Book Value--Transportation Property	Total	$2,873,588	$3,816,261	$4,597,303	$5,116,622	$6,202,901	$8,415,841	$10,709,200	27.3
Statistics:									
Average Miles of Road Operated	N.C.	3,722	3,743	3,705	3,691	3,646	3,218	3,931	22.2
	Total	25,434	30,343	29,873	30,310	29,706	28,780	32,547	13.1
Freight Revenue	N.C.	$104,098	$130,134	$181,027	$230,248	$406,338	$428,787	$454,429	6.0
	Total	$958,647	$1,449,866	$1,972,758	$2,751,770	$4,885,219	$5,499,668	$5,945,149	8.1
Tons of Revenue Freight Hauled (000s)	N.C.	63,636	86,772	107,529	99,140	118,441	99,535	111,341	11.9
	Total	348,481	506,307	559,173	635,355	586,593	517,790	530,873	2.5
Freight Revenue Per Ton	N.C.	$1.64	$1.50	$1.68	$2.32	$3.43	$4.31	$4.09	(5.1)
	Total	$2.75	$2.86	$3.53	$4.33	$8.33	$10.62	$11.20	5.5
Gallons Diesel Fuel Purchased or Used (000s)	N.C.	41,614	49,949	59,518	59,748	66,717	51,453	47,171	(8.3)
No. of Employees Allocated (3)	N.C.	9,978	7,802	6,926	6,556	6,822	5,993	5,314	(11.3)
Total Compensation of Employees (000s) (3)	N.C.	$56,258	$53,604	$66,378	$92,890	$138,716	$160,162	$152,542	(4.8)
Average Annual Compensation/Employee	N.C.	$5,163	$6,871	$9,584	$14,169	$20,334	$26,725	$28,706	7.4
Highway Railroad Grade Crossings (4)	N.C.	3,779	3,448	3,498	3,475	6,121	5,064	4,373	(13.6)
No. Killed--Grade Crossing Accidents	N.C.	N/A	57	39	25	34	16	11	(31.2)
No. Injured--Grade Crossing Accidents	N.C.	N/A	133	175	129	95	71	84	18.3

(1) There were three Class I Railroad Companies and one Class II Railroad Company in operation during 1985
See Figure No. 11-2 for a listing of the Railroad Companies
(2) Taxes have not been broken down for the total company until 1984
(3) Estimates for 1984
(4) Southern Railway Company decreased their total number of grade crossings by 675 crossings in 1985

FIGURE NO. 11-7

RAILROADS--CLASS III SUMMARY OF SELECTED DATA--INCOME, EXPENSES, BALANCE SHEET, AND STATISTICAL ITEMS
For the Calendar Years 1960, 1965, 1970, 1975, 1980, 1984, and 1985
(Dollars in Thousands)

	Allocation of Data	1960	1965	1970	1975	1980	1984	1985	% Change More (Less) 1985-1984
No. of Companies Covered by Data:		21	21	17	17	15	16	12 (1)	
Income & Expense Items:									
Operating Revenues	N.C.	$7,104	$8,619	$11,603	$12,702	$19,967	$18,456	$10,592	(42.6)
	Total	$9,913	$11,390	$16,371	$17,458	$26,655	$18,456	$10,592	(42.6)
Operating Expenses	N.C.	$4,771	$5,483	$6,630	$7,827	$17,396	$14,362	$7,349	(48.8)
	Total	$6,888	$7,624	$9,862	$10,585	$23,497	$14,362	$7,349	(48.8)
Net Operating Income	N.C.	$2,333	$3,136	$4,973	$4,875	$2,571	$4,094	$3,243	(20.8)
Before Taxes	Total	$3,025	$3,766	$6,509	$6,873	$3,158	$4,094	$3,243	(20.8)
Fixed Charges	Total	$485	$615	$1,227	$492	$249	$936	$890	(4.9)
Other Income (Deductions)	Total	($2,751)	($2,752)	($3,524)	($4,390)	($47)	$229	$374	65.5
Taxes	Total	N/A	$523	$1,121	$361	$356	$1,338	$731	(45.4)
Net Income	Total	($211)	($124)	$637	$1,630	$2,506	$2,049	$1,996	(2.4)
State Income Tax	N.C.	N/A	$35	$129	$116	$166	$189	$118	(37.6)
Real Estate/Pers. Prop. Taxes	N.C.	N/A	$157	$122	$133	$74	$54	$88	63.0
Other N.C. Taxes	N.C.	N/A	$331	$870	$112	$116	$1,095	$525	52.1
Total Taxes Paid or Accrued	N.C.	N/A	$523	$1,121	$361	$356	$1,338	$731	(45.4)
Operating Ratio (Percent)	N.C.	67.2	63.6	57.1	61.6	87.1	77.8	69.4	(10.8)
	Total	69.5	66.9	60.2	60.6	88.2	77.8	69.4	(10.8)
Balance Sheet Items:									
Net Book Value--Transportation Property	Total	$11,797	$17,799	$22,007	$16,235	$18,315	$16,131	$9,713	(39.8)
Statistics:									
Average Miles of Road Operated	N.C.	697	721	635	478	425	249	294	18.1
	Total	1,037	1,028	645	661	583	249	294	18.1
Freight Revenue (000s)	N.C.	$6,930	$8,261	$11,442	$12,226	$17,457	$16,440	$9,082	(44.8)
	Total	$9,696	$10,954	$15,830	$17,043	$23,632	$16,440	$9,082	(44.8)
Tons of Revenue Freight Hauled	N.C.	7,348	9,961	11,155	7,542	6,987	5,263	3,001	(43.0)
(000s)	Total	9,009	11,464	13,444	9,515	8,587	5,263	3,001	(43.0)
Freight Revenue Per Ton	N.C.	$.94	$.83	$1.04	$1.62	$2.50	$3.12	$3.03	(2.9)
	Total	$1.08	$.96	$1.22	$1.79	$2.75	$3.12	$3.03	(2.9)
Gal. Diesel Fuel Purchased or Used (000s)	N.C.	1,286	1,757	2,271	1,725	2,132	430	1,695	74.6
No. of Employees Allocated	N.C.	599	584	414	313	209	190	114	(40.0)
Total Compensation of Employees (000s)	N.C.	$2,514	$2,851	$3,089	$3,335	$3,906	$4,195	$2,361	(43.7)
Average Annual Compensation/Employee	N.C.	$3,529	$4,331	$7,463	$10,655	$18,689	$22,079	$20,714	(6.2)
Highway Railroad Grade Crossings	N.C.	640	973	864	589	644	411	252	(38.7)
No. Killed--Grade Crossing Accidents	N.C.	N/A	7	0	0	0	0	0	0.0
No. Injured--Grade Crossing Accidents	N.C.	N/A	11	8	6	1	0	5	N/A

(1) The following Class III Railroad Companies did not file any data with the North Carolina Utilities Commission: High Point, Thomasville, & Denton Railroad Co., Winston-Salem Southbound Railway Co., Laurinburg & Southern Railroad Co., and Warrenton Railroad Co. Nash County Railroad Corp. and Franklin County Railroad Corp.
(Docket No. R-26, Sub 29)

FIGURE NO. 11-8

RAILROADS--GRAND TOTALS--CLASSES I, II, AND III
SUMMARY OF SELECTED DATA--INCOME, EXPENSES, BALANCE SHEET, AND STATISTICAL ITEMS
For the Calendar Years 1960, 1965, 1970, 1975, 1980, 1984, and 1985
(Dollars in Thousands)

	Allocation of Data	1960	1965	1970	1975	1980	1984	1985	% Change More (Less) 1984-1983
No. of Companies Covered by Data: (1)		29	29	23	23	21	20	18	
Income & Expense Items:									
Operating Revenues	N.C.	$127,505	$149,320	$204,398	$250,158	$444,860	$455,917	$475,602	4.3
	Total	$1,093,864	$1,603,464	$2,088,440	$2,855,913	$5,057,923	$5,670,042	$6,122,385	8.0
Operating Expenses (2)	N.C.	$100,289	$113,226	$157,364	$205,552	$430,294	$433,808	$434,735	0.2
	Total	$873,024	$1,148,655	$1,546,483	$2,138,465	$4,350,610	$4,748,735	$5,450,568	14.8
Net Operating Income	N.C.	$27,216	$36,094	$47,034	$44,606	$14,566	$22,109	$40,867	84.8
Before Taxes	Total	$220,840	$454,809	$541,957	$717,448	$707,313	$921,307	$671,817	(27.1)
Fixed Charges	Total	$48,718	$82,923	$124,858	$156,395	$192,715	$172,022	$168,262	(2.2)
Other Income (Deductions)	Total	$79,734	$102,194	$59,330	$98,410	$457,601	$393,023	$232,527	(40.8)
Taxes (3)	Total	N/A	N/A	N/A	N/A	N/A	$378,881	$247,560	(34.7)
Net Income	Total	$128,452	$185,117	$184,188	$254,805	$650,316	$763,427	$488,522	(36.0)
State Income Tax	N.C.	N/A	$447	$499	$700	$2,777	$754	$1,356	79.8
Real Estate/Personal Property Taxes	N.C.	N/A	$3,551	$3,158	$3,554	$4,491	$7,426	$5,001	(32.7)
Other N.C. Taxes (4)	N.C.	N/A	$1,089	$3,494	$4,391	$5,356	$4,527	$5,653	24.9
Total Taxes Paid or Accrued	N.C.	N/A	$5,087	$7,151	$8,645	$12,624	$12,722	$12,010	(5.6)
Operating Ratio (5)	N.C.	78.7%	75.8%	77.0%	82.2%	96.7%	95.2%	91.4%	(4.0)
	Total	79.8%	71.6%	74.1%	74.9%	86.0%	83.8%	89.0%	6.2
Balance Sheet Items:									
Net Book Value--Transportation Property	Total	$2,885,385	$3,834,060	$4,619,310	$5,132,857	$6,221,216	$8,431,972	$10,718,913	27.1
Statistics:									
Average Miles of Road Operated	N.C.	4,419	4,464	4,340	4,169	4,071	3,467	4,225	21.9
	Total	26,471	31,371	30,818	30,917	30,289	29,029	32,841	13.1
Freight Revenue	N.C.	$111,028	$138,395	$192,469	$242,474	$423,795	$445,227	$463,511	4.1
	Total	$968,343	$1,460,820	$1,988,588	$2,768,813	$4,908,851	$5,516,108	$5,954,231	7.9
Tons of Revenue Freight Hauled (000s)	N.C.	70,984	96,733	118,684	106,682	125,428	104,798	114,342	9.1
	Total	357,490	517,771	572,617	644,870	595,180	523,053	533,874	2.1
Freight Revenue Per Ton	N.C.	$1.56	$1.43	$1.72	$2.27	$3.38	$4.25	$4.05	(4.7)
	Total	$2.71	$2.82	$3.65	$4.29	$8.25	$10.55	$11.15	5.7
Gallons Diesel Fuel Purchased or Used (000s)	N.C.	42,900	51,706	61,789	61,473	68,849	51,883	48,866	(5.8)
No. of Employees Allocated (6)	N.C.	10,577	8,386	7,340	6,869	7,031	6,183	5,428	(12.2)
Total Compensation of Employees (000s) (6)	N.C.	$58,772	$56,455	$69,467	$96,225	$142,622	$160,162	$154,903	(3.3)
Average Annual Compensation/Employee (6)	N.C.	$5,557	$6,732	$9,464	$14,009	$20,285	$25,904	$28,538	10.2
Highway Railroad Grade Crossings (7)	N.C.	4,419	4,421	4,362	4,064	6,765	5,475	4,625	(15.5)
No. Killed--Grade Crossings Accidents	N.C.	N/A	64	39	25	34	16	11	(31.2)
No. Injured--Grade Crossing Accidents	N.C.	N/A	144	183	135	96	71	89	2.8

(1) Class III Railroads were exempted from filing an annual report with the North Carolina Utilities Commission (Docket No. R-26, Sub 29, March 5, 1982); therefore some figures may not reflect all the Class III railroads

(2) Before Tax Accruals and Net Rent

(3) Taxes have not been broken down for the total company until 1984

(4) Includes Franchise Tax

(5) Effective 1-1-78, Class I & II railroads began recording their operations in conformance with the revised Uniform System of Accounts, resulting in expense reclassifications which affected the net revenue and the operating ratio. This change is reflected in the periods after 1975. The prior years were not restated to reflect the changes

(6) Estimate for 1984

(7) The number of rail crossings includes a decrease of 675 grade crossings by Southern Railway Company

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